

Corporate Governance, Innovation Capability effects on the performance of some selected Deposit Money Banks in Lagos State, Nigeria.

**Olufunke Olukemi SERIKI
LCU/PG/001540**

Do Not Copy, Lead City University, Nigeria

2023

Certification

This is to certify that this thesis was carried out by **Olufunke Olukemi SERIKI** with Matriculation number **LCU/PG/001540**, 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.

Prof. G.E. Oyedokun
Supervisor

Date

Dr. T.M Akinbo
Head of Department

Date

Dedication

This thesis is dedicated to the Almighty God.

Acknowledgment

To God Almighty be praise, glory, and adoration for guiding me through the course of study in this noble university, Lead City University, Ibadan. I wish to express my profound gratitude to the management of the Lead City University, Ibadan, Nigeria for the opportunity given me to study and learn under such a wonderful environment. I appreciate the Vice-Chancellor of the University, Professor K.A. Adeyemo, Provost, Postgraduate Graduate College, Prof. Oredein, Heads of Departments, Lecturers and other non-academic staff members of the University.

The unquantifiable contribution of my supervisor, Prof. G.E. Oyedokun, who created a peaceful and comfortable environment for me in writing the thesis, his fatherly demeanor opened the doors for other scholars in the faculty to help with the face validation of the

instrument, and throughout the entire process of the study. My sincere gratitude is extended to Dr. T.M Akinbo, (HOD, Department of Management & Accounting), Dr. A.F. Igbadumhe (the PG coordinator), and Dr. A.B. Onamusi. I appreciate all the lecturers in the faculty for the various roles played from the course work to contributions during seminar presentations. My darling Husband, Mr Omotayo Seriki and my Children; Alexander Oluwafikunayo Seriki, Hezekiah Marvin Oluwatimilehin Seriki, Joan Moyosoreoluwa Seriki, for the motivation to embark on this journey. My siblings, friends and church members for their understanding of not having time for them during the course of this study “Even though the above institutions and persons have assisted in the process of this research work, I alone, stand responsible for the errors, if any, found in this work”.

Abstract

Globally, banking sector performance has experienced significant growth in terms of earnings, size and resilience between 2008 and 2022. Total assets reached over \$124 trillion, while return on assets (ROA) stood at 0.9%. Hence this study aim to evaluate the effect of corporate governance and innovation capability on performance of selected deposit money banks in Lagos State, Nigeria. The specific objectives are to; determine the effects of corporate governance dimensions on performance of selected deposit money banks in Lagos State, Nigeria; evaluate the effect of innovation capability dimension on performance of selected deposit money banks in Lagos State, Nigeria; and assess the combine effect of corporate governance and innovation capability on performance of selected deposit money banks in Lagos State, Nigeria. This study adopts a quantitative research method, employing a cross-sectional survey research design. The population consists of one thousand, two hundred and twenty-eight (1,228) employees of selected deposit money banks headquarters in Lagos State, and three hundred and six (306) sample size. The administered questionnaires represent a 79.1% response rate. The result of hypothesis one showed that corporate governance have positive but weak statistical significant relationship with finance performance of DMBs ($R = 0.205$, $P < 0.05$), hypothesis two revealed that innovation capability has positive but weak statistically significant relationship with financial performance of DMBs ($R = 0.287$, $p < 0.05$), and hypothesis three revealed that corporate governance and innovation capability have positive but weak statistically significant relationship with the performance of DMBS ($R = 0.313$, $p < 0.05$). This study concludes that corporate governance and innovation capability have significant effects on the performance of selected deposit money banks in Lagos State.

This study recommends that corporate parent of the selected deposit money banks should pay attention to corporate governance activities to ensure that it helps improve performance for the DMBs under investigation.

Keywords: Corporate Governance, Innovation Capability, Deposit Money Banks.

Word Count 297

Do Not Copy, Lead City University, Nigeria

Table of Contents

Content	Page
Title	i
Certification	ii
Dedication	iii
Acknowledgement	iv
Abstract	v
Table of Contents	vi
List of Tables	ix
List of Figures	xii
List of Acronyms	xiii
Chapter One: Introduction	
1.1 Background to the Study	1
1.2 Statement of the Problem	6
1.3 Aim and Objectives of the Study	8
1.4 Research Questions	8
1.5 Hypotheses	9
1.6 Significance of the Study	9
1.7 Scope of the Study	10
1.8 Limitation of the Study	11
1.9 Operational Definition of Terms	11
Endnotes	13

Chapter Two: Literature Review

2.1	Conceptual Studies	25
2.1.1	Performance	15
2.1.2	Corporate Governance	29
2.1.3	Innovation Capability	40
2.2	Theoretical Framework	52
2.2.1	Agency Theory	52
2.2.2	Dynamic Capability Theory	55
2.3	Review of Empirical Studies	58
2.4	Conceptual Model	69
2.5	Summary of Gap in Literature Reviewed	70
	Endnotes	72

Chapter Three: Methodology

3.1	Research Design	87
3.2	Population of the Study	87
3.3	Sample and Sampling Techniques	88
3.4	Description of the Research Instrument	91
3.5	Validity of Research Instrument	91
3.6	Reliability of Research Instrument	93
3.7	Method of Data Collection	94
3.8	Method of Data Analysis	95
	Endnotes	96

Chapter Four: Results and Discussion of Findings

4.1	Demographic Data Analysis	97
4.2.	Test of Hypotheses	117
4.3	Discussion of Findings	125

Chapter Five: Conclusion

5.1	Summary of Findings	131
5.2	Conclusion	134
5.3	Recommendations	134
5.4	Contribution to Knowledge	135
5.5	Suggested Areas for Further Research	136

Bibliography	137
---------------------	------------

Appendix I: Questionnaire	148
----------------------------------	------------

Bio-data	154
-----------------	------------

The University Compliance Certification	156
--	------------

LIST OF TABLES

Table	Title	Page
3.1	Population of the Selected Banks	88
3.2	Sample Size Table	89
3.3	Proportionate Research Sampling	90
3.4	Construct Validity	93
3.5	Cronbach's Alpha Co-efficient Values of the Study Variables	94
4.1	Response Rate	98
4.2	Demographic Characteristics of Respondents	98
4.3	Descriptive Analysis of Responses on Risk Management	100
4.4	Descriptive Analysis of Responses on Ethical Practices	101
4.5	Descriptive Analysis of Responses on Transparency	103
4.6	Descriptive Analysis of Responses on innovation Capability	105
4.7	Descriptive Analysis of Responses on Profitability	112
4.8	Descriptive Analysis of Responses on Firm Growth	114
4.9	Descriptive Analysis of Responses on Customer Satisfaction	115
4.10	Summary of Regression Analysis for the Effect of Corporate Governance on Financial Performance of Selected Deposit Money Banks in Lagos State	118
4.11	Summary of Regression Analysis for the Effect of Innovation Capability on Financial Performance of Selected Deposit Money Banks in Lagos State	120
4.12	Summary of Regression Analysis for the Effect of Corporate Governance And Innovation Capability on Performance of Selected Deposit Money Banks in Lagos State	123

Chapter One

Introduction

1.1 Background to the Study

Financial institutions mediate between households in excess, who have surplus funds to save, and households in deficit, who lack the funds to invest. Several arguments have been provided to support the claim that banks play a crucial role in maintaining a healthy economy and society, suggesting that the success of the banking industry in any economy is of importance to many parties beyond just shareholders. Stable financial performance from the banking sector is crucial to serving the needs of these stakeholders, however considering the poor financial performance, operational inefficiency of banking technologies, liquidation, merger, and outright revocation of licences of many DMBs by the Central Bank of Nigeria, this trend calls into question the role of governance structure and innovation capability of the DMBs in Nigeria over the years.

Globally, banking sector performance has experienced significant growth in terms of earnings, size and resilience between 2008 and 2022. Total assets reached over \$124 trillion, while return on assets (ROA) stood at 0.9 percent¹. Similarly, tier 1 capital ratio as a proportion of assets rose to 6.7 percent, significantly higher than in 2008. However, the recovery since the financial crisis has not been uniform across regions^{1,2}. Global banking sector outlook suggests that US banks, compared to their European, Asia-Pacific, South America and the Middle East and Africa (MEA) counterparts, are ahead on multiple measures. Aggressive policy interventions and forceful regulations helped propel US banks to health more quickly². And more recently, favourable GDP growth, tax cuts,

and rising rates have further bolstered the state of the industry. Total assets in the United States reached a peak of \$17.5 trillion. Capital levels are up as well, with average tier 1 capital ratio standing at 13.14 percent². Return on equity (ROE) for the industry is at a post-crisis high of 11.83 percent. Efficiency ratios also are at their best. Similarly, on other metrics, such as nonperforming loans and number of failed institutions, the US banking industry is robust².

The same cannot be said of the banking industry in other regions. For example, in Europe, Structural deficiencies, overcapacity, low/negative interest rates, and the absence of a pan European banking regulatory agency have all likely contributed to European banks experiencing persistent profitability challenges. Many European banks have become smaller, retrenching from international markets and exiting former profitable businesses. Consider the fact that profits of the top five European banks dropped from \$60 billion in 2007 to \$17.5 billion in 2017³. However, European banks are showing some improvement. Return on Equity (ROE) for Western European banks in the top 1,000 world banks grew to 8.6 percent in 2017, compared with 5.5 percent in 2016¹⁻³.

In the Asia Pacific (APAC) region, the growth of Chinese banks has been the most stunning development in the last 10 years (2008-2018). The Chinese banking industry has surpassed that of the European Union (EU) in terms of size⁴. The world's four largest banks in 2018 are Chinese; in 2007, none of the top 10 banks in the world were Chinese and they are also doing well in terms of profitability⁴. However, the concern with economic growth and the tariff war with the United States are already affecting prospects. Meanwhile, Japanese banks, which escaped the financial crisis, have long suffered the effects of slow domestic growth and low/negative interest rates. Despite this overall optimistic picture for the global banking industry, uncertainties loom on the horizon. Real

GDP growth forecasts from the International Monetary Fund (IMF) point to a deceleration in all regions, including China and Emerging Asia⁴.

Africa has emerged as the world's second banking market in terms of growth and profitability, according to a study by management consulting firm McKinsey and Company in 2018³. Low banking penetration and income levels, as well as economies that are largely cash-based and viewed as a high credit risk, have long been considered major obstacles to the development of the continent's banking sector. However, that growth is by no means evenly spread, either geographically or among income groups⁴.

Only five countries such as: South Africa, Nigeria, Egypt, Angola and Morocco currently accounting for 68 percent of Africa's total banking revenue. And about 60 percent of the total retail revenue growth of nearly \$18 billion expected over the next five years will be concentrated in South Africa, Egypt, Nigeria, Morocco and Ghana. In all of this PWC report pointed out that the performance of Banks in Africa, is affected by factors such as, banks characteristic, competitive environment, political factors, economic indicators, regulation and legal environment, country risk were major issues surrounding the performance of banks in Africa⁵. Stressing that 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 bankers association as well as other financial authorities in the region⁶.

In Nigeria the ripple effect of the slow economic growth, subsidy removal and Federal government and the CBN policies inconsistencies 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 “2014-2022” the sector have experienced about five bank going under (Union bank, Skye bank, Diamond Bank, Oceanic bank, Intercontinental bank, Mainstreet banks) which led to a further merger and acquisition^{3,6,7}.

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 ⁴. 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 failures⁵.

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 year³. 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 performance⁸.

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 operators 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, board structure irregularities, and inability to a deploying innovation capability that guaranty seamless banking operation physically and virtually⁹.

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 and innovation capability can be used as a strategy to address the many challenges. This is because code of corporate governance put the overall management of the banking activities at the foot-step of the leadership structure thereby ensuring compliance to the code of best practice while innovation capability will ensure that creative means through which banks can satisfy their stakeholders is implemented and enforced systematically. More so, the complementary role of corporate governance and innovation capability should ensure a comprehensive risk assessment of financial activities and operational compliance following ethical practice, ensuring transparency and establish a board structure that can deliver sound banking service and maximise shareholders wealth. The new naira redesign policy of the Apex bank and the behaviour of DMBs in Nigeria suggest that issues of corporate governance and innovation need to be revisited¹⁰.

It is widely acknowledged that good corporate governance culture and sound innovation capability 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 Nigerians¹¹. Scholarly work have been done to substantiate the functional relationship between corporate governance and innovation capability on organisational performance in divers sectors^{12,13,14}. Likewise empirical submission have been made about corporate governance and innovation capability relevance for business survival and sustainability however scholars have recommended the need for more studies on the performance effect of corporate governance and innovation capability in the banking sector especially after the disruptions caused by the rampaging COVID-19 pandemic, the new naira design policy

of the CBN, and subsidy removal. 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 the customers' inability to access their savings from banks makes it difficult for the average Nigerian citizen. It is in view of this discussion that this study intends to examine the effect of corporate governance and innovation capability on the performance of selected banks in Lagos State, Nigeria¹⁵.

1.2 Statement of the Problem

Evidence from the total asset base of the banks revealed that banks growth was observed to be on a continuous decline across Wema, FCMB, Polaris and Fidelity banks^{16,17}. The financial report of Wema bank revealed a dip in total assets from N330.87bn to a borrowing position of N385.38bn (2017), indicating a backward growth of the bank. Similar scenario was observed in FCMB, where a fluctuating trend was observed from N1,314.80bn to a negative position of N1,293.70bn (2015) and then a slight improvement to N1,316.30bn (2020). This position is an aberration and a huge contrast from the trend in Zenith Bank plc that has witnessed a healthy consistent growth of the firm from a N3,143.13bn to N5,595.25bn (2017)¹⁸. This decline could possibly be attributed to the stiff competition existing among the banks, however it is further aggravated by the perceived lack of transparency of the board members of the affected deposit money banks. The five year annual reports of Wema bank and First City Monument Bank (FCMB), revealed a worrisome downward trend of profitability from 2013 to 2017. In the case of FCMB, the bank recorded N6.03m in 2013, N5.59m (2014), N2.52m (2015) and although a marginal increase was recorded in 2016 (N3.73m), a further drop to N1.52m was observed in 2017. Similar trend was observed in Wema bank as profitability fluctuated

across the years from N1.59m (2013), N2.37m (2014), -N2.27m (2015), and N2.59m (2016) to a major loss position in N2.3m (2017). This declining trend in profitability has been perceived to be arising from corporate government dimensions (ethical practice, risk management and transparency) and challenges in deploying an effective innovation capability¹⁹.

According to Scholars, it has become a common phenomenon in Nigerian banks to extend loans and advances to family relations, friends and directors without due process^{17,18,19}. This clearly violates the required internal control protocols, risk management practices and fairness, and has led to bad debts caused by inadequate recovery procedures. Consequently, these banks have remained incapacitated in their ability to recover the loans and advances extended to these categories of stakeholders ultimately leading to banking distress and negatively affecting their profitability. Moreover, the recent new naira design implementation and enforcement of the CBN showed that DMB innovation capability in terms of electronic banking App and other financial technologies did not leave up to expectation. This led to a lot of frustration and anguish for small business and citizen socioeconomic wellbeing²⁰.

Several scholars have focused on different aspects of corporate governance practices and innovation capability and their influence on performance in different sectors in both developed and developing countries employing majorly quantitative methods, cross-sectional survey, and expo-facto design^{20,21,22}. However, these studies have not focused on how corporate governance (risk management, ethical practice, & transparency) and innovation capability (management, product, & process) affects the performance of deposit money banks even as scholars suggested that the gap be filled^{23,24}. Bearing in mind the gaps identified above in existing literature and problems acknowledged

concerning the DMBs in Nigeria, this study intends to evaluate the effect of corporate governance and innovation capability on performance of DMBs 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 (risk management, ethical practice, & transparency) and innovation capability (management, product, & process) on performance of selected deposit money banks in Lagos State, Nigeria. The specific objectives are to:

1. determine the effects of corporate governance dimensions on performance of selected deposit money banks in Lagos State, Nigeria.
2. evaluate the effect of innovation capability dimension on performance of selected deposit money banks in Lagos State, Nigeria.
3. assess the combine effect of corporate governance and innovation capability on performance of selected deposit money banks in Lagos State, Nigeria.

1.4 Research Questions

The following research questions will be answered by this study:

1. In what way does corporate governance dimensions affect the performance of selected deposit money banks in Lagos State, Nigeria?
2. How can innovation capability dimensions affect profitability of selected deposit money banks in Lagos State, Nigeria?
3. What is the effect of corporate governance and innovation capability on performance of selected deposit money banks in Lagos State, Nigeria?

1.5 Hypotheses

The following hypotheses will guide this study;

- H₀₁: Corporate governance dimensions have no significant effect on performance of selected deposit money banks in Lagos State, Nigeria.
- H₀₂: Innovation capability dimensions have no significant effect on performance of selected deposit money banks in Lagos State, Nigeria.
- H₀₃: Corporate governance and innovation capability have no joint significant effect on performance of selected deposit money banks in Lagos State, Nigeria.

1.6 Significance of the Study

The study will be particularly significant to the following stakeholders (bank leadership, government, academia, and society) when completed:

This study will provide strategic information to the bank leadership on how well corporate governance and internal control can enhance the maximization of shareholders wealth. Specifically, it will show how corporate governance dimensions: risk management, transparency and ethical practice and innovation capability with respect to product, management, and process innovation can enhance banks performance.

Furthermore, to the body of knowledge, this study, intends to address some gaps in the existing literature on corporate governance, innovation capability, and bank performance. More specifically, it will test the conceptual model that evaluate the effect of corporate governance and innovation capability on the performance of DMBs 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 accounting and 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, transparency, ethical practice and innovate it management, process, and product as tools for proper improvement of performance.

1.7 Scope of the Study

This study intends to ascertain the effect of corporate governance dimensions (ethical practice, risk management and transparency) and innovation capability (management, process, and product) on performance measures (profitability and firm growth) of selected DMBs in Lagos State, Nigeria. The study will cover one thousand, two hundred and twenty-eight (1228) employees of the selected deposit money banks in Lagos State (Zenith Bank, Guaranty Trust Bank, First Bank of Nigeria, United Bank of Africa, Access Bank, 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 Nigeria²⁴. The study will adopt a cross-sectional survey design and sample size of 669 Banks employees at the top and middle management level adopting Krejcie and Morgan formula for sample size determination for a known population.

1.8 Limitation of the Study

The scope of this research is restricted to the DMBs in Lagos State, Nigeria. Due to the study's cross-sectional research design nature, it is impossible to draw any conclusions about the long-term effects of corporate governance and innovation capability on DMBs performance. The questionnaire employed has some limitations as instrument of data collection. The low response rate, the fact that some people filled out the questionnaire without reading it, and the presumption that the data they provided will be utilized negatively are all weaknesses. The researcher makes sure that the questionnaire items were written in clear, unambiguous English to combat these issues and boost response rates. The researcher also ensures the respondents' anonymity and confidentiality, and obtains approval from respective DMBs official all of which increased the researcher's accessibility to the respondents. Despite these limitations, this research does present important conceptual, empirical, theoretical, and practical implications to the management of DMBs in Lagos State, Nigeria.

1.9 Operational Definition of Terms

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: refers to as a systematic rules or principles governing right conduct within the organisation.

Firm Growth: This is increasing measure in certain organizational success criteria often achieved by boosting business top ranking or revenues, with higher product or service revenues, or by increasing the profit margin.

Innovation Capability: This refers to the capability to continually transform ideas and knowledge into new processes, products and systems of the organization into utilities for customers

Process Innovation: This described as improving or changing current procedures and techniques used in the bank to deliver financial service.

Product Innovation: This refers to the introduction of products by banks that is new or significantly improved with respect to its characteristics or intended uses

Management Innovation: This can be referred to new ways work can be organized and accomplished within an organization to encourage and promote competitive advantage; it can either be a new product, a new service, a new technology, or a new administrative practice.

Performance: is the actual results of an organization as measured against its intended output.

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

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

Transparency: refers to public insights into important and accurate financial and operational information.

Endnotes

1. Deloitte. "Global banking sector outlook". Retrieved from Deloitte website: www.deloitte.com (2019).
2. EY. "Global banking sector review". Retrieved from EY website: <http://www.ey.com> (2019).
3. CBN. "Nigeria banking sector review". Retrieved from CBN website: <http://www.cbn.gov.ng>, (2019).
4. CBN. "Economic review". Retrieved from CBN website: <http://www.cbn.gov.ng> (2018).
5. Ene, E. E., & Bello, A. I. E. "The effect of corporate governance on bank's financial performance in Nigeria." *Journal of Business and management*, 18, 11(2016), 99-107.
6. Lyndon, M. E. Paymaster, F. B. & Meshack, S. I. "Market share and profitability relationship: A study of the banking sector In Nigeria". *International Journal of Business, Economics and Management* 3, 8(2016), 103-112.
7. Ayodele, T. D., & Afolabi, T. S. "Corporate financial disclosure in Nigerian deposit money banks". *Advances in Social Sciences Research Journal* 5, 2(2018), 248-253.

8. Nugroho, W. C., & Dian, A. "Corporate governance, tax avoidance, and firm value". *Accounting Review Journal* 2, 2(2017), 15-30.
9. Ofuani, A. B., Sulaimom, A. A., & Adebisi, S. A. ' Corporate governance practices: a comparative study of selected public corporations in Nigeria'. *Academic Journal of Economics Studies* 4, 1(2018), 192-202.
10. Nuhu, M., & Ahmad, B. S. "Board composition and performance of listed firms in Nigeria: mediated and moderated model". *Academic Journal of Business and Retail Management Research* 3, 11(2017), 25-38.
11. Ararat, M., Black, B. S., & Yurtoglu, B. B. "The effect of corporate governance on firm value and profitability: Time-series evidence from Turkey". *Emerging Markets Review*, 30, (2017), 113- 132.
12. Hanim Fadzil, Faudziah, Hasnah Haron, and Muhamad Jantan. "Internal auditing practices and internal control system." *Managerial Auditing Journal* 20, 8 (2005), 844-866.
13. Ferro, C., Ferro, C., Padin, C., Padin, C., Svensson, G., Svensson, G., & Høgevold, N. M. "Validating a framework of stakeholders in connection to business sustainability efforts in supply chains". *Journal of Business & Industrial Marketing*, 32, 1(2017), 124-137.
14. Kenga, S. T., & Nzulwa, J. "The role of corporate governance practices on firm performance of medium sized enterprises in kilifi county, Kenya". *The Strategic Journal of Business & Change Management* 5, 2(2018), 639 – 661.
15. Lawal, B. (2016). "Duplication of corporate governance codes and the Dilemma of firms with dual regulatory jurisdictions". *Corporate Governance: The International Journal of Business in Society* 16, 3(2016), 2–19.
16. Machek, O., & Machek, M. "Factors of business growth: A decomposition of sales growth into multiple factors". *WSEAS Transaction on Business and Economics*, 11, (2014), 380-385.
17. Anene, E. C. (2014). What difference does inventory control make in typical small scale firms' profitability? *International Journal of Management Sciences and Business Research* 3, 10(2014), 1–4.
18. Hove-Sibanda, P., Sibanda, K., & Pooe, D. "The impact of corporate governance on firm competitiveness and performance of small and medium enterprises in South Africa: A case of small and medium enterprises in Vanderbijlpark". *Independent Research Journal in the Management Sciences* 17, 1(2017), 1-22.
19. Ejoh N., and Ejom P. "The impact of internal control activities on financial performance of tertiary institutions in Nigeria." *Journal of Economics and Sustainable Development* 5 (2014), 133-143.

20. Hussain, M. A., & Hadi, A. R. A. (2018). Corporate governance, small medium enterprises (SMEs) and firm's performance: Evidence from construction business, construction industry development board (CIDB). *International Journal of Business and Management* 13, 2(2018), 1-15.
21. Niresh, J. A. & Velnampy, T. (2014). Firm size and profitability: A study of listed manufacturing firms in SriLanka. *International Journal of Business and Management* 9, 4(2014), 57-64.
22. Karunaratne, A. H. G. K. "The impact of the adoption of enterprise risk management on the industrial financial performance." *International Journal of Research in Business and Social Science*, 6, 6(2017), 9-20.
23. Berrone, P., Surroca, J., & Tribó, J. A. "Corporate ethical identity as a determinant of firm performance: A test of the mediating role of stakeholder satisfaction." *Journal of Business Ethics*, 76,1(2007), 35-53.
24. Ahmed, I., & Norlida, A. M. "Influence of enterprise risk management success factors on firm financial and non-financial performance: A proposed model." *International Journal of Economics and Financial Issues*, 6, 3(2016), 830-836.

Do Not Copy, Lead City University, Nigeria

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, empirical, and theoretical review of literature. This becomes necessary as it helps the researcher understand and examine what has been done in existing studies given the variables under study.

2.1 Conceptual Studies

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 organisational performance (profitability and firm growth,) and corporate governance dimensions (risk management, ethical practice and transparency) and innovation capability (management, product, & process).

2.1.1 Performance

Organizations perform various activities to accomplish their objectives. These repeatable activities and outcomes must be quantified in order to ascertain the level of performance and for management to make informed decisions on where, if needed, within the processes to initiate actions to improve performance. The drive to quantify these inputs and outputs is term performance¹. On the other hand, the concept of performance though

widely applied in almost all spheres of the human activity has no consensually agreed meaning due to its pervasiveness. Several other authors looked at performance from different angles^{2,3}. A number of researchers maintained that organizational performance is a multidimensional phenomenon. Notwithstanding, many scholars focus on sections of organizational performance that deals with goals and resources. Also, the researchers were unanimous that performance is the ability of an organization to achieve its goals, objectives and shared purposes⁴.

Performance is 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 needs⁵. Managers must do greater than comparatively set objectives, they must generally monitor operations to maintain feasibility and give guidance to win failing operations back on track. Tools for this kind of management include budgeting, determining intelligent management strategies, scrutinise areas that require improvement and determining potential areas for collaboration. That means performance is the act of carrying into execution an action, achievement or accomplishment using tools such as budgeting, determining intelligent management strategies⁶.

Generally, the definition of performance has had a nonlinear evolution over time, existing some significant conceptual gaps. Performance is related to an organization's ability to attain set goals by using resources in an efficient and effective manner with the view of making profit at customers' satisfaction and meeting stakeholders obligations as at when due⁷. Performance is a fairly broad concept, and its meaning changes in accordance with user's perspective and needs⁵. The concept of performance is as well seen as a capability to evaluate the standard and success of a company be it big or small⁸. Performance is a dynamic concept and is the indicator of financial and non-financial factors which help to

identify on which level of objectives and results are achieved. It is also the result of modified successful management practice⁹.

Similarly, earlier scholars provided varying definitions of the concept. Performance is 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 term¹⁰. Performance is an indicator that helps to evaluate and measure how an organization succeeds in realizing business objectives to all its stakeholders¹¹. Performance is argued to be a concept that explains the extent to which an organization achieves objectives¹². Recent conceptualization of the concept of performance has not deferred much. 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 firms¹³. But an underlining take away from their definitions is that performance is one of the most important dependent variable in both finance and management literature. Another inferences from their study is that performance shows how firms have been performing overtime. Likewise, performance compares actual output or results of an organization measured against its intended output or objectives¹⁴.

According to studies, performance encompasses three specific areas of firms' outcomes: (1) financial performance involving profits, return on assets, return on investment; (2) product market performance (sales, market share); Market performance being the behaviour of a product and (3) shareholders' return (total shareholders' return, value added) and Stock market performance. Although, other scholars grouped performance measures into individual and organizational evaluations⁶.

As earlier reiterated, Performance is the ultimate dependent variable of interest for scholars of management who seek to identify variables that produce variation in performance. In light of this, scholars conceptualized and measured performance differently and draws different expectations from employees, shareholders, investors and the general public. Also, performance is one of the four different performance dimensions - (innovative performance, production performance, market performance and financial performance) employed in literatures to represent firms' performance¹⁵.

There are a wide variety of performance measures in an organization, such as operational performance, which refers to the completion of operational goals within diverse value chain undertakings that may result to succeeding; common performance pointers, such as growth in market share, product quality, or marketing effectiveness, measure separate magnitudes of operational performance. Putting together organizational performances, explain the economic outcomes resulting from the interplay among an organization's attributes, actions, and environment. This means different things to different organizations because there are many parameters a company may use to measure its growth and how well a firm does relative to the goal it has set for itself. Past research has used many variables to measure organizational performance¹⁶. One of the classical financial measures of performance is the return on assets (ROA), return on equity¹⁷.

Other measures are return on investment (ROI), revenue growth, stock price, liquidity and operational efficiency. Aside the used of financial measures, which was argued to be for decision making by scholars, other measures of performance relate to customers satisfaction, operations and relationship with community and stakeholders. However, some organizations measure performance with parameters such as assets, business expansion, number of employees, profitability, among others. What this means is that

both quantitative and qualitative input parameters are incorporated in an optimal way in the performance evaluation models¹⁷.

The advantages of measuring performance are apparent in the literature. Notably, performance measurement provides satisfying insights for conducting yearly reviews of managers and employees and is also important for understanding how a company is performing compared with its competitors¹⁸. Secondly, performance helps management determine how effectively the organization is handling its resources. Further, functions such as strategic objectives, organisational structure, trade performance measures, allocation of basic material and processes, values, culture and guiding principles and reward structure are evaluated and assessed in performance studies or analysis. Performance functions in a way that all business parts and function can be measured in a whole and a high performing organization makes the difference between a great job and a depressing business. Also, performance shows an outcome of plans carried out by managers and workers⁵.

The core disadvantages of performance stems first from the fact that in the absence of any operational definition of performance upon which the majority of the relevant scholars agree, there would naturally be different interpretations and inferences opined by various people according to their own perceptions¹. In addition, elements that an author thinks that can affect performance will also differ. Performance management is a source of dissatisfaction at many organisations¹⁹. For example, large shares of respondents to a recent McKinsey Global Survey on the topic say their organisations' current systems and practices have no effect on company performance, but the appraisals nonetheless, potentially could lead to loss of self-esteem of employees, resignation, demotivation, increase in legal risk and biases²⁰.

Above all it seems pertinent to the researcher to agree that performance will involve some form of returns to investors, expansion and growth, where growth is defined as a change in an organization's size over time. Performance from the researchers view with a growth element will bring about an increase in market share and other element which brings investors' confidence and maintains organisations lead in the market. Situating performance with corporate governance subsumed that performance is central to corporate governance research and to firm performance as the measure organizational performance founded on economic pointers. Research in this field builds on the assumption that quality corporate governance structures influence performance of an organization. Also, the conceptual sphere of organizational performance can be quantified only by connecting this construct to the wider construct of organization aim and shareholders expectations. Where, accounting and financial returns are understood as the chronological performance of establishments that is measured through the use of financial accounting figures as circulated in yearly reports. In this study a definition of performance will therefore comprise both quantitative and qualitative input parameters in an optimal way. However, an organisational performance framework that link towards accounting measures seems to be the most convincing and persuasive definition of performance because it establishes the concluding purpose of economic undertakings. With that said, performance is defined as the expectations of management and stakeholders on improvements of accounting returns such as profitability, shareholders dividend, after allocations of resources capital, human, time, in a given period. In this study profitability, firm growth and customer satisfaction are the performance metrics to be considered henceforth^{19,20}.

2.1.1.1 Profitability

Profitability involves the capacity to make benefits from all the business operations of an organization²¹. Profitability portrays the efficiency of the management in converting the firm's resources to profits. More so, profitability can be expressed either accounting profits or economic profits and it is the main goal of a business venture²². The goal of most organization is profit maximization²³. There is a different between profit and profitability. While Profit usually acts as the entrepreneur's reward for his/her investment and it is the main motivator of an entrepreneur for doing business. Profitability measures capacity. Also, while profit is the difference between revenue received from sales and total costs which includes material costs, labour and so on, profitability shows the surplus of profit over expense for a specified duration that represent earning of from various activities²⁴. 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 year²⁵.

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 ratio consists of margin profit, basic earning power, return on asset, and return on equity. Return on Assets is a ratio showing the ability of a company in gaining net profit by using its assets to return stockholder equity. Profitability is generally measured using accounting ratios with the commonly used profitability ratio being ROA and ROE. ROA is a financial ratio that is used to measure asset's profitability. ROA determines the amount of the profit earned per

shilling of assets. ROE that is the return on equity is the most widely used ratios. The advantage of this ratio is that it is comparable across the company's peer group. This reflects the efficiency with which the bank's managers use bank's investment resources or assets in generation of income that is management efficiency 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. Put into order words the greater result of ROA the greater is the company's performance²⁶.

There are internal and external factors that influence commercial bank's profitability. Internal factors are within banks control, External factors 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 management²⁷. Information on bank specific factors that influence commercial banks profitability can be obtained from financial statements hence study will emphases on bank's size, capital adequacy, liquidity, credit risk and efficiency in the bank's operations.

The advantages of profitability to a business are fundamental. Profitability is a one important precondition for any long-term survival and success of a firm. 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 sales²⁸. It is profitability that attracts investors and the business is likely to survive for a long period of time²⁹. 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 the competitive environment, profitability is a key

factor for smooth running of the business and has a significant effect on performance of the bank and economic development as well²⁵. 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 firms³⁰. 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.

There are also disadvantages of profitability ratios. One, companies from different industries cannot be compared on the basis of net profit margin. Also, gross profit margin may not convey the story like the net profit margin. Unlike net profit margin, the gross profit margin is not the final figure, if the sales general and administrative expenses take a toll on the gross profit margin. Further, Companies can manipulate the return on assets metric by reducing the assets on the balance sheet and at times, companies manipulate return on equity by performing the buyback of equity shares. From the above definitions and the review of different concepts of profitability, it shows that Profitability reflects the ratio of management effectiveness based on the result of returned sold investment. Also, when there is an improvement in the ratios it depicts an improvement of management performance. Based on this insight, profitability is the measure of the performance of an organizations corporate governance³¹.

2.1.1.2 Firm Growth

Growth is the product of an internal process in the development of an enterprise and an increase in quality and/or expansion. This growth is the variance in outcome between (at least) two points in time. For some authors growth is a consequence³¹. For the most part,

the rivulet of literature adopts growth as the dependent variable and fundamentally has as its major goal to illuminate capricious growth rates and/or increments of growth. Growth is a change in size during a determined time span³². Growth may be related to new markets, especially in the case of technology firms, with reference to diversification³².

From the contemporary descriptions of growth, it was expressed that a growth firm is a company growing faster than its peers or the broader economy. A firm is not classified as a growth firm if revenues or other financial metrics surge for one quarter and relax in subsequent periods. Put succinctly, a growth firm has the ability to scale up their business rapidly. One consequence of this rapid growth is the firm's balance sheet may come under significant pressure as capital expenditures (CAPEX) escalate in line with business growth³³.

Although there are no hard-and-fast rules of defining growth, firms generally have increased annual revenues by more than the industry average over a sustained period. It goes without affirming that the study of firm growth encompasses probing different companies. Certainly, at any particular point in time, measuring the growth of “a firm” can be achieved rather merely, founded on whichever the designation of the company or a precise recognising organizational number. Nevertheless, the assignment of recognizing the exact organizational unit that increases becomes more problematic as one attempts to trace a firm’s growth over time. For case, numerous growth studies use surveys where there are insulated dependent variables or where companies are requested to measure/account for their growth over a definite number of years. Growth may occur alternatively as an integration of part of the value chain, a sort of vertical growth, or when

a firm introduces itself within a market not related to the technology in which it works, which would be a non-related diversification³⁴.

High growth firms (HGFs) are generally seen as “vital” for economic growth. They can help disseminate innovations, shake up existing markets and increase productivity. They are an important part of jobs growth, with estimates suggesting that almost half of all new jobs are created by high growth firms as well as having a significant impact on local economies – cities with more high growth firms tend to grow more quickly³⁵. Because of this, policymakers across the world have aimed to support the development of HGFs³⁶.

There are vast differences in the growth patterns of firms: high-growth, young businesses, or “gazelles”, account for the vast majority of employment growth at incumbent firms. In banks growth is essentially the result of expansion of demands for products or services beginning from growth in sales. There are ways to achieve growth. This can be through integration with other firms. Firms integrate through mergers, where there is a mutual agreement, or through acquisitions, where one firm purchases shares in another firm, with or without agreement³⁷.

One advantage a growing firm has is the impression growth signals to observers. For many businesses, growth signals success. For small businesses growth decreases the possibility of closing small businesses³⁸. It creates new opportunities, brings in more customers and generates greater profits. Positive Firm growths are advantageous to the society, the national economy and as well as the owners of the firm. High growth firms are widely seen as pivotal contributors to economic prosperity, if only for the large number of jobs that they create. According to the greatest competitive advantage of business growth is the ability to capitalise on the economies of scale. An increase in

production output, can bring down costs per unit and achieve savings across. Furthermore, expansion can also give an impression of greater financial viability of the business. Financial institutions often see larger businesses as more credible and stable than their smaller competitors. One other advantages of growth are the diversifying into new markets, products and services means that if one part of your business is exposed to market changes, you can rely on other income streams³⁹.

The downside of firm growth is that it can be affected by a lot of factors which has led to the disappearance of high-growth firms. Growth can be a disruptive factor. For instance, larger businesses tend to be more complex than smaller businesses and these complexities can set the business up for difficulties. Some of the common disadvantages of business growth are shortage of cash, compromised quality, and loss of control, increased capital requirements – and increased staff turnover. In other words, as a business grows, delegation because a must and the passion and expertise of people handling these delegated tasks may not be ascertain⁴⁰. Also, the business will require large workforce, more facilities or equipment, and more investment, etc. Therefore, companies that experience an early public offering incline to have sophisticated burdens sited upon firm growth so as to offer profit to their fresh proprietors. While this might seem to chiefly be pertinent for a definite kind of growth-oriented firm, fresh and lesser companies similarly might have some discrepancy in their readiness to grow⁴¹.

This imply that there is no firm growth without an increase in factors that sustainably leads to more increased in a firm scale of operations and revenue. Increased can be measured in rise of scale and income. Therefore, knowing that growth is an important phenomenon in Nigerian banks performance and the survival of organizations essentially depends on their power to grow their organization and market in the midst of

competitors⁴². It then means that firm growth establishes one of the fundamental subjects of corporate governance research and thus it is justifiable a variable to be included because of corporate governance in an organization.

2.1.1.3 Customer Satisfaction

A scholar stated that CS is the emotional and psychological result of individual customer experiences. In the same vein, a scholar considered CS as the resultant effect of evaluating the cost-benefit derived from buying and consuming a firm's product. Customer satisfaction as the customer's fulfilment response. It is a judgment that a product or service feature provides a pleasurable level of consumption related to fulfillment, including elements of under or over fulfilment. In another way, customer satisfaction refers to the extent to which customers are happy with the products or services provided by a business⁴³. Customer satisfaction refers to the customer's general intention and perception based on their consumption or user experience of a product or service⁴⁴. It measures the customer's acumen and expectation regarding the consumed product or service's performance and evaluates whether the product or service performance has been able to satisfy the customer's expectation⁴⁵. If the product or service fails to fulfill the customer's needs or wants, the customer will remain dissatisfied, and if the service performance is consistent with the customer's expectations, the customer will be delighted and satisfied⁴⁶.

A scholar stressed that customer satisfaction is identified by a response (cognitive or affective) that pertains to a particular focus (a purchase experience and or associated product) that occurs at a specific time (post-purchase, post-consumption). Customer satisfaction is the total utility derived from the post usage of products and services.

Customer satisfaction is proxy by service quality: reliability—responsiveness, tangibility, assurance, and empathy. CS is viewed as an emotional response, which results from a cognitive process of evaluating the service received against the costs of obtaining the service 47.

A researcher shared a similar view of customer satisfaction with some scholars. These definitions suffer similar challenges. Some scholars described CS as personal feelings of pleasure or disappointment that result from comparing a product or service's perceived performance (or outcome) to expectation^{48,49}. Some scholars admitted customer satisfaction as the most effective path to success, as customer satisfaction affects customer loyalty and re-purchasing decision⁵⁰. A scholar found that customer satisfaction affects customer perception by comparing pre-purchase expectations with post-purchase expectations. They confirmed that there exists a relation between accurate customer perception and their expectations. Customer satisfaction is related to the people who paid for products or services and use those products and services⁵¹. Primarily, a product's price, quality, reliability, empathy, responsiveness are the main factors that influence the CS⁵². Customer satisfaction produces a positive financial result, especially in regular purchases. Another critical attribute of CS is that it provides feedback to management about client insight on products and services offered.

Attaining CS is a constant desire for many organisations because of its potential effect on loyalty and, by extension, its contribution to the organisations' financial performance. CS has been identified to enhance the relationship between customers and the organisation⁵³. Paying attention to customer details is crucial for business growth; however, scholars suggested that focusing on all the customers may not be

worth the organisation's resources and commitment because customers do not deliver equal value to the organisation⁵⁴. A scholar also pointed out that satisfied customers tend to feel less concerned about any adverse information about the brand they cherish. This study defines customer satisfaction as the positive outcome, personal to the customer, expressed after evaluating the cost of a purchase with the benefits obtainable, which facilitates a re-purchase and enhances a firm's competitive advantage⁵⁵.

2.1.2 Corporate Governance

The concept of Corporate Governance is not a new term but made popular in corporations around eighteen Century. Corporate governance mechanisms have been identified as a method or techniques used in determining the success and outcome of every firm performance⁴⁴. Historically 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 making⁴⁵. 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 corporations⁴⁶. Corporate governance, however, traces its origins to 1774 from Adam Smith's publication, "The Wealth of Nations", but gained impetus with the seminal publication by Bearle and Means, "The Modern Corporation and Private Property", work that delineated the separation of ownership and control in the modern corporation and the problems

associated with it⁴⁷. Concerns of separation were aggregated into the “agency problem” in governing the organization. Well governed organizations tend to perform better than poorly governed ones⁴⁸.

A number of researchers agreed that corporate governance is a system by which companies are directed and controlled and where checks and balances are guaranteed. To put in another way there is widespread agreement that corporate governance is a set of mechanism controlling the flow of business and virtually operating a business in a way that guarantees that its owners or stockholders obtain a reasonable income on their assets and at the same time meet the expectations different stakeholders⁵⁴. 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 performance⁵⁵. 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 operations⁵⁶. This view is strongly expressed in the literatures.

Corporate governance is a blend of some policies, procedures, customs, laws, and institutions affecting the way a corporation is directed and controlled with a view to enhance business prosperity with corporate accountability and minimizing agency conflict and protecting the interests of owners and investors⁵⁷. Corporate governance is a body of rules governing companies as to how they are managed and supervised by the board of directors 58. It is a mechanism designed to ensure stability of the economy and achievement of corporate goals⁵⁶. Good corporate government principle concretely has many purposes which are easy access for domestic or foreign investor, getting a cheaper capital cost, giving better decision to improve the company’s economic performance,

improving stakeholders belief and trust, protecting directors and commissaries law plea and protecting the stockholder's minority⁵⁹.

Corporate governance had been defined in many ways by different researchers, authors, institutions, and industries. Corporate governance can be applied to listed companies where the majority of the shareholders are not in participatory everyday management positions and other forms of corporations such as companies with few principal owners and a large group of smaller shareholders, public corporations, partner-owned companies and privately owned companies where the ownership has been divided through inheritance in one or several generations⁶⁰.

Corroborating this viewpoint, corporate governance is seen as a preserve of the listed and large firms. 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 managers⁶¹. 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 ensure that all the decisions making process about how their investment or their money is utilized⁵⁸. Corporate governance also differs from entity to entity and from country to country Codes of corporate governance are highly a matter of significance for developing countries. Corporate governance codes such as Sarbanes Oxley Act intensely propose and frequently obligates that a board should include a noteworthy portion of non-executive directors. The mechanism of CG varies in different countries according to their rules and regulations, even it varies from institution to institution. Sectorial, the effect of corporate governance is same. In banks corporate governance plays a vital role in enhancing the financial performance of any organization including bank⁵⁹. The discourse on why corporate governance matters is crucial in bank

risk management has been a topic of discussion in the literature. The debate is that the most preferable governance should intensify bank activities and curb bank risks through improved mechanism of bank management. Although there are divergent views, but an underlining submission is that there is need for monitoring and ensuring that investors get their investment back^{58,44}.

The concept of corporate governance itself has undergone a series of transformations. The prominence of corporate governance, both in academia and policy makers' agendas, seems to increase around global events, usually associated with crises. Nevertheless, irrespective of the transformation in concept one underlining theme holds way. Corporate governance channelizes the vitality of ownership concentration, board structure and also impact of stakeholders on the organizations. Many scholars are unanimous about some advantages of corporate governance⁶². In most cases, they agreed that 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 and promotes the efficient and effective use of the capital or resources⁶³.

Also, sound corporate governance is a key element to increase market liquidity and improve the company value⁶⁴. Other noted advantages of corporate governance are assurance of transparency, and full disclosure of executive action. Corporate governance brings about better evaluation⁶⁵. On the flip side, organizations with poor corporate governance were less profitable and more susceptible to insolvency risks as they get poor assessments and gave out petty dividends to their shareholders. Despite the many advantages of corporate governance, it still has some disadvantages that borders on cost and stifling of creativity as well as quick actions. Theoretically, to increase board

accountability, will lead to an increase in directors' incentive and welfare to monitor affairs of management activities⁶⁴. It can be contended that fear of legal accountability and liability could deter an individual's director from serving on the board⁶⁶. Another fall back of corporate governance is the conflict of interest owing to separation. Separation ignites conflict of interest between the owner and management, the management side demands the company to improve and the owner wants the wealth to improve⁵⁰.

These definitions presuppose that there are key decision makers in corporations responsible for this leadership. The corporate governance structure specifies the distribution of rights and responsibilities among different participants in an organization – such as the board, managers, shareholders and other stakeholders – and lays down the rules and procedures for decision-making⁶⁷. Internal audit is one of the four cornerstones of corporate governance. The internal auditing function of internal auditors has an important role in assisting the board of directors monitor the effectiveness of its governance⁶⁸. Internal governance of corporations, discussion on corporate governance has shifted to the functions of the board of directors as a result organizational executive is responsible for the business core stakeholders. In all it proves that weak corporate governance or lack of adherence to its principles, even if it's strongest, can lead to abuses, fraud and under performance of a company^{67,68}.

From the literature it is obvious that the most significant advantage of corporate governance is the impact on firm performance and in enhancing the benefit of the group (increase the firm performance and to harmonize the various interest groups^{69,70,71}. The authors have shown that adoption of proper governance mechanisms has affirmatively impacted the performance of a firm. This is attributed to the fact that there is less risk and higher guarantee of expected future cash-flows. In addition, better-governed companies

have less management problems, act on and recover from shocks more quickly, achieve faster and more reliable growth⁷². One of the most compelling advantages of corporate governance was expressed by World Bank Group that acknowledge that monitoring embodies the regular tracking of inputs, activities and outputs, while evaluation determines the importance of objectives, the efficiency of resource use and the sustainability of results⁷³.

The role of the board was viewed as a positive influence on the performance of corporations⁷³. Also, the concept of corporate governance includes components of social responsibility, ethical business practices, issues referring to internal and external audit transparency, managers' responsibility for the accuracy of information presented in financial reports⁷⁴.

The above scholars have expressed that corporate governance are responsibilities and duties of managers and directors of business organizations towards the wellbeing of an organization, it seems convincing to me that any other definition acknowledges relationships among various participants (management, board of directors, shareholders). Borrowing the concept of corporate governance of acting in the best interests of their owners and shareholders⁷⁵. The researcher agrees with the statement that corporate governance is a system where company is directed and control. Agreed, the concept of corporate governance has been defined in various ways by various people. It is however important that it is defined within this context, to provide guide for understanding and practice. To the researcher corporate governance is the structure and operations put in place and executed by organizations owners to act in the best interest of the organization always.

2.1.2.1 Risk Management

Risk management involves discovering risks, assessing their effects, selecting a series of processes, and evaluating the results. Risk management is the determination, classification, and prioritization of risks followed by unified and efficient utilization of resources to lessen, monitor, and manipulate the quantity and/or effect of disastrous events⁷⁶. 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 is highly multifaceted, complex and often interlinked making it necessary to manage, rather than fear. Risk is not only avoidable but manageable. Risk management helps to assure that an organization identifies and understands the risks to which it is unprotected⁷⁷. Furthermore, risk management can also be done throughout sourcing, stock piling, insurance, supplier development, contractual obligation, collaborative initiatives and careful supplier selection⁷⁶.

Risks may include operational risk, decision risks, supplier base reduction, Globalization, acquisition mergers and alliances, inertia and just in time relationship risks. Assessing risks is an ongoing process thus risk management involves risk identification, risk estimation, risk analysis/assessment, risk evaluation, risk reporting and communication and then risk monitoring /control and review^{77,78}. 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 banks⁷⁹. Liquidity risk occurs when the probability of a bank lacking cash when needed to operational activities and settle the credit request of customers evident⁸⁰. Inability to have access to cash timely may lead to loss of customers and reduced earnings⁸¹. When customers are unable to settle their debts, these defaults result in losses that can ultimately

eat into the bank's capital⁸³. 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 levels⁸².

Inherent in risk management is its advantages. Risk management address the risks attaching to their activities with the goal of achieving sustained benefits within each activity and across the portfolio of all activities. It also serves as a defensive mechanism⁷⁸. In addition, risk introduces the thought of the probability of how an unpleasant situation can be minimized. 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. In addition, 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 performance. In all the importance of risk management to an organization is that the 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 profitability⁸³.

Owing to the broadening scope of risk management in banks and as well as the processes adopted in the industry to manage risk such as risk identification, risk measurement, risk monitoring and risk control. It is wise and in line to opine in this study

that risk management is a strategic and operation practice carried out by an organization such as banks to mitigate loss and take advantage of uncertainties⁸⁴.

2.1.2.2 Ethical Practice

Ethics is a philosophical term derived from the Greek word "ethos" meaning character or custom. Ethic's generally means motivation for group of people or community for ideas⁸⁵. Ethics must be based on accepted standards of behaviour. Ethical behaviour is very useful in all platforms of life and work. In our life it is helpful in all different relationships like manager and employee, employee and client or even in personal life relationships. Researchers sometimes confuse ethics with morality. Business ethics is a term often used to refer to ethical or unethical behavior by a manager or employee of an organization⁸⁶. Ethics are based on both individual beliefs and social concepts, they vary from person to person, from situation to situation, and from culture to culture. Social standards, for example, tend to be broad enough to support certain differences in belief⁸⁷.

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 workplace⁸⁸. 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 values. These responses are classified into

eight namely - ethical neutrality, ethical awareness, ethical convention, ethical puzzle, ethical problems, ethical dilemma, ethical cynicism and caprice, and ethical negotiation⁸⁹.

Ethics is particular or specific in nature, while morality is general in nature. Different professions (Law, Medicine, Engineering, Architecture, etc.) have their respective code of ethics, which are particular to the profession. Generally, according to worlds' practice, if an individual commits an offence or crime, for example, in a case of murder, it is generally known that the accused will be prosecuted and if found guilty, will be made to face the full wrath of the law⁹⁰.

There are benefits or advantages an organisation derives from good ethical practices. This can come as improving the competitive advantage of an organization. This is because Ethics compliant organizations also develop their brand image and such employer branding help them to attract and retain the best people, which eventually contribute to their sustainable competitive advantage⁹¹. More so ethics compliant organizations also attract investors, as people repose their confidence only on those who show integrity, a sense of responsibility and who are trustworthy. Furthermore, some research contended that good ethics are a good business because it brings about or generates positive externalities such as trust, commitment, and performance improvements. These have been furthermore validated in North America where any firm's with ethical behaviour is of critical importance in guiding or safe guiding its smooth relationships with its stakeholders⁹². What this means is that ethical behaviour has a strong ability to improve and add significantly to the value of a company's brand or image⁹³.

In defining and conceptualization ethics in this study, it becomes necessary to draw caution from how it is being defined in the academic field. In the academic arena, there

are still grey areas in the understanding of the concept of ethical practices. That is unresolved and unanswered academic issues on how the concepts affects performance still lingers^{94,95}. In most consensus reached, the knowledge about existing literature and linkages between a company's ethical stance and posture and its firm performance remains limited. Thus, ethical practice is defined here as those activities of the firm that will not be repulsive to the perception of all stakeholders and will not promote and strengthening an organizational competitive advantage⁹⁶.

2.1.2.3 Transparency

Transparency “means having nothing to hide” that allows its processes and transactions observable to outsiders⁹⁷. 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 is one of the key indicators of a good corporate governance, as it guarantees the disclosures of important and accurate financial and operational information⁹⁸. In the years past, the concept of transparency had increasingly attracted researcher's attention and has been the subject of many debates in the academic field. This notion has been defined in many ways but in the most simple and eloquent manner transparency can be understood as “lifting the veil of secrecy”⁹⁹. In the academic field, the concept of transparency has been associated with other notions and by this the term has known a great deal of interpretations adequate to different areas of expertise.

Transparency constitutes an understanding of how decision making, execution, monitoring stages and results is improving, using clear, visible and foreseeable processes, operations and instructions¹⁰⁰. 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 data. However, the owners, investors and stakeholders concerned have a duty and right to know what their officer or officials do^{101,67}. For an activity to be transparent it is regarded that information should be given regularly and in a timely manner to aid the company in taking optimal decisions transparency therefore affect the stakeholder directly as well as the company's business performance as a management standpoint¹⁰². Throughout the performance evaluation scheme, every regulation scheme can therefore be readily mismanaged and managed by the officer or executives¹⁰⁰.

The benefit of transparency to an organization is that it fosters responsibility and brings positive self-control to the organisation. Transparency creates engagement and motivation as people understand the reasons behind their work. Also, a transparent organisation improves the moods, increase trust and improve teamwork among employees. Furthermore, when information is shared openly, hierarchy lowers and culture improves. Transparent organisations can respond to market changes much faster when they are agile and build on informed, empowered, proactive and thinking individuals. There is positive control since transparency improves self-control and less costly formal control mechanisms are needed. Speed, efficiency and quality of decision making are other benefits of transparency in addition, organisational change is also easier when everybody shares the same reality via transparency. On the other hand, too much transparency can be a competitive disadvantage in the business environment. By being too transparent with

your company, it can create a negative public perception. Be aware that released information could be unclear, altered, or misinterpreted, which can lose customer trust¹⁰¹.

In this study transparency is defined as the appropriate extent by which an organization can allow information to create mutual trust, and teamwork and competitive advantage by allowing outsiders or internal members into its records and access information¹⁰².

2.1.3 Innovation Capability

Innovation is a significant source of competitive advantage in changing or dynamic business environments, and it is a new way of doing things: "a new good or a new quality of good; a new method of production; a new market; a new source of supply; or a new organizational structure"⁵⁰. Firms' success and survival depend largely on their ability to create value; their ability to innovate³⁹. Innovation capability is a firm's ability to mould and manage multiple capabilities¹². Innovation capability enables firms to integrate key capabilities and resource to successfully stimulate innovation.

In a broad definition, innovation capability refers to the capability to continually transform ideas and knowledge into new processes, products and systems of the organization into utilities for customers. Innovation capability concerns how companies could extract knowledge from routine exploration activities and innovative exploration activities. This means that the concept is related to the ability of companies to properly manage the internal resources of the company for innovation and at the same time seek knowledge and skills in the external environment. Developing routines of activities that contribute to management innovation is not simple, as it requires planning to introduce a culture of innovation into the company. In order to innovate, companies need personnel

who are capable of analyzing, interpreting and relating internally and with stakeholders identifying opportunities for sharing information and innovation⁵¹.

A scholar defined innovation capability as the ability of an organization to change knowledge on the firm into processes, systems and products that can spur the growth of the firm. Some scholars defined innovation capability as the firm skills and abilities that enable the application of resources in a manner that reflects the ability to continuously transform knowledge and ideas into new products, processes and systems for the benefit of the firm and its stakeholders¹⁰³.

Innovation capability connotes the ability to mould and manage several capabilities. Arguably, firms with innovation capability can integrate important capabilities and resources to successfully foster innovation. Indeed, a firm's reconfiguration capability promotes continuous transformation and enables them to obtain new resources and capture innovation benefits. Innovative capability concerns the firms' capabilities in the area of the development of new: (1) products and services, (2) production methods and techniques, (3) ways of services providing, (4) customer service standards, or (5) organizational forms and markets. As a result, the innovative dimension of the capabilities can be directly referred to as innovative capabilities. Innovative capability can be described as an important factor that facilitates an innovative firm culture, the characteristics of internal promoting activities and the capabilities of understanding and responding appropriately to the external environment⁵². Some researchers posit that innovative capability is an internal driving energy to generate and explores radical new ideas and concepts, to experiment with solutions for potential opportunity patterns detected in the market's white space and to develop them into marketable and effective innovations, leveraging internal and external resources and competencies⁵³.

Innovation capability of a company is linked to the internal efforts of human, technological and organizational resources, combined with the ability to interact with the external environment to pursue resources, knowledge and skills to be incorporated into the organization to create new products and processes that are perceived and valued by stakeholders⁵⁵. The increasingly fierce competition, fostered by globalization and information technology, makes the Resource Based View an important alternative for companies that want to innovate⁵⁶. However, innovation capability does not consist only of internal resources of the company, but also of external resources⁵⁴.

Firms with high innovative capability outperform competitors and have "demonstrated higher profitability, greater market value, superior credit ratings, and higher survival probabilities" because competitive advantage increases with innovation⁴⁸. As a result, innovation capability determines a firm's performance in dynamic conditions. It is highly imperative for SMEs to advance in innovative ability by capitalizing on knowledge from external sources to build innovation capability⁵⁷. Innovation of new processes and products originates from a combination of newly acquired knowledge, renewal of organizational strategies and processes to obtain sustained competitive advantage⁵⁸. Competitive advantage depends on a firm's abilities to effectively develop internal knowledge and exploit external knowledge to improve the innovative capability of the firm⁵⁹.

Commonly, innovation is differentiated concerning the degree of innovation into incremental and radical innovation²⁹. Incremental innovative capability can be defined as the ability "to generate innovations that refine and reinforce existing products and services", whereas radical innovative capability is the ability "to generate innovations that significantly transform existing products and services"⁶⁰. Some researchers use this

differentiator to distinguish between incremental innovative capabilities, which require a reinforcement of prevailing knowledge, and radical innovative capabilities, which require a transformation of prevailing knowledge⁶¹. Such innovative capabilities are the key factors influencing the firm competitive advantage creation related to the so-called “long-term competitive benefits”, both for firms as well as the entire supply chains⁶². Within the literature one may also notice the second type of the firm capabilities, which play a crucial role in achieving the firm success as well as the firm competitive advantage. These capabilities are referred to as strategic capabilities.

The features of innovation capability are that product innovation capability, it enhances process innovation capability, enhance market innovation capability, technological advancement and it enhance strategic alliance. Other scholars have conceptualized innovation capabilities as consisting of marketing innovation, product innovation and process innovation capabilities⁶³. Product innovation capability allows firms to effectively change their resources into innovative offerings that are unique and are better in terms of quality to exceed customers’ expectations⁶⁴. Process innovation capabilities are linked to a firm ability to improve its internal processes and reduce the cost of production which foster superior performance⁴⁷.

Some scholars further posited that innovation capability consists of product capability, process capability, market capability, and organizational capability. A scholar stated the advantages and disadvantages of innovation capability, which are that innovation capability enhance firm to innovate, it creates firm value creation, it improve firm competitive advantage and it improve firm market share while the disadvantages of innovation capability is that innovation capability is expensive to employ innovation idea,

it can cause competitive disadvantage, the problem of trade-off between different types capabilities and it might cause loss of market.

The researcher defined innovation capability as a firm's ability to identify new ideas and transform them into new/improved products, services or processes that benefit and sustains the firm⁶⁵.

The use of Innovation is well pronounced in all the activities of a whole organization, from the conception of an idea to the introduction of a product or service to the market. Five stages have been found to exist by some researchers as a continuous innovation process, this includes: idea generation, research and development, implementation, commercialization, and internalization²⁵. Innovation is a process in which valuable ideas are transformed into new forms of added value for the organization, customers, employees and stakeholders. This transformation process is also a learning process for the organization as a whole to safeguard continuity on the basis of innovation based in turn on creativity. Creativity is often seen as a personal asset. For management innovation, however, it is not enough that every employee as such wants to be creative. Creativity should be perceived as a collective process to raise the level of innovation potential of the organization. This “fine-tuning” between individual and collective transformation is crucial for management innovation²⁶.

Innovation has been described as a product or processes which are new to the company, not necessarily to the world or other sectors²⁷. Furthermore, innovation can be described as the collation of ideas that are new to the adopting company or the process of successfully creating something new with monumental value to the relevant unit of adoption²⁸. In another study, it was suggested that an idea can be described as innovative

if it is novel for the individual who produced it, without necessarily being novel to the society as a whole²⁹. Thus, if innovation was defined as the first commercial introduction of a product and process in the world, there would be very few achievements that might be described as “innovative” in developing countries³⁰. In developing countries, innovation tends to happen “behind the technology frontier” which is transmitted from developed countries. Therefore, technological innovation is something new but not always in absolute terms. Some technologies might be innovative in developing countries but would not be regarded as such in a developed economy. Therefore, the definition of innovation can be regarded as an activity that involves substantial novelty for the adopting company or country, but is not necessarily new to the world.

Innovation capability can be seen as a key indicator for creating confidence and growth in an organization. The firm’s capability to innovate is the most crucial factor for competitive advantage in high turbulent market¹⁰⁵. Innovations include products, processes and technologies used to manufacture products or render services directly related to the basic work activity of an organization. Technological innovation involves a set of activities that contribute to the increase in the capacity to produce new goods and services (product innovations) or to implement new forms of production (process innovations)¹⁰⁶. Innovation capability has majorly been categorized into four contrasting types: product capability, process capability, market capability, and management capability³². This conceptual review on innovation capability will follow in the direction of the three (product capability, process capability, &management capability) of the four classic typology of innovation capability given their contextual relevance in this study.

2.1.3.1 Process Innovation

A process innovation is the implementation of a new or significantly improved production or delivery method. This includes significant changes in techniques, equipment and/or software (e.g. installation of new or improved manufacturing technology, such as automation equipment or real-time sensors that can adjust processes, computer-aided product development). Process Innovation can be described as improving or changing current procedures and techniques used in the production of products. Any improvement to current banking procedure, delivery, packaging, marketing, project management can be considered a process innovation. Process innovation means improving the production and logistic methods significantly or bringing significant improvements in the supporting activities such as purchasing, accounting, maintenance and computing. Process innovation includes bringing significant improvement in the equipment, technology and software of the production or delivery method. Firms bring novelties in the production and delivery method to bring efficiency in the business. The new method must be at least new to the organization and organization had never been implemented before. The firm can develop new process either by itself or with the help of another firm³³. Firms bring process innovation to produce innovative products and amendments are also brought in the processes to produce the new products. To decrease the production cost, firms go for process innovation. The process innovation is reflected in the cost of the product³⁴. Firms adopt new process to compete with other firms; they have to bring the process innovation to satisfy their customers.

2.1.3.2 Product Innovation

Another type of innovation is product innovation. This is the introduction of a good or service that is new or significantly improved with respect to its characteristics or intended uses. This includes significant improvements in technical specifications, components and

materials, incorporated software, user friendliness or other functional characteristics. However, product innovation forms the core of innovative organization and offers incredible competitive advantage in new as well as established markets. Although related to process innovation, product innovation is much more of a process than a single implementation or improvement. Product innovation is often a shot in the dark with the hope of hitting the right market with the right product at the right price. Product innovation means introducing the new products/services or bringing significant improvement in the existing products/services. For product innovation, the product must either be a new product or significantly improved with respect to its features, intended use, software, user-friendly or components and material. The first digital camera and microprocessors are the examples of the product innovation¹⁰⁷.

The aim of product innovation is to attract new customers. Firms introduce new products or modify the existing products according to needs of the customers. Shorter product life cycle of the products forces the firms to bring innovation in the products. In the competitive environment firms bring product innovation to compete in the market. Product innovation is customer's need oriented. In highly competitive innovation face the low competition at the time of introduction and that is why it earns high profit³⁵. In another study, some researchers stated that firms bring product innovation to compete with other firms in the markets. Firms bring product innovation to satisfy their customers. Product innovation is reflected by the functional performance¹⁰⁸. Product innovation is one of the key factors that contribute to success of an organization. New product development and product innovation is an important strategy for increasing the market share and performance of business. New product development has positive impact on the performance of the firm.

2.1.3.3 Management Innovation

In addition, management innovation can be described as the adoption of an idea or behaviour that is new to the organization¹⁰⁹. Management innovation refers to new ways work can be organized and accomplished within an organization to encourage and promote competitive advantage; it can either be a new product, a new service, a new technology, or a new administrative practice¹¹⁰. Further, management innovation can be understood as a process by which the firm creates and defines problems and then actively develops new knowledge to solve them. Management innovation encompasses product innovation, process innovation, and marketing innovation. Further, each form of management innovation has a unique and shared variance when viewed among the other forms of innovation. In another notion “management innovation” refers to the creation or adoption of an idea or behavior that is new to the organization. Furthermore, management innovation consists in the implementation of new organizational methods that can be changes in business practices, in workplace organization or in the firm’s external relations. Consequently, a typology of management innovation, divides it in four types: (1) structural management innovation, which may change the divisional structure of organizational functions, hierarchical levels and information flow; (2) procedural management innovation, which may modify the process and operation routines within the firms; (3) intra-management innovation, that takes place within an organization; (4) inter-organizational aspects of innovation, which refer to new organizational structures and processes that exist beyond the borders of the firm. In summary, management innovation encourages employees or organizational agents to think creatively about organizational

challenges and strive for solutions that can be deemed as new to the organization and even new to the industry or business community at large¹¹¹.

Innovation more often, occurs in response to a problem or opportunity that arises either inside or outside of an organization. Management researchers identified four internal and three external impetuses for innovation¹¹². Internal prompts include unexpected occurrences, incongruities, process needs, and industry or market changes. Internal Impetuses: unexpected occurrences include mishaps, such as a failed product introduction. It is often through such unexpected failures (or successes) that new ideas are born from new information brought to light. For instance, a failed product can give an organization new information about marketing that allowed it to achieve stellar gains with succeeding products. This type of incongruity might cause some innovators to develop the product in a less expensive method that will be more conducive to changing market demands¹¹³.

Process needs: Innovations inspired by process needs are those created to support some other product or process. For example, advertising was introduced to make mass-produced newspapers possible. Newspaper publishers devised ads to cover the expense of printing the newspapers on the new equipment that made such printing possible. Industry and market changes, the fourth internal impetus to innovate, often result in the rise (and decline) of successful innovators. External Impetuses: External impetuses to innovate include demographic changes, shifts in perception, and new knowledge are: Demographic changes affect all aspects of business. For instance, an influx of immigrants into a particular geographic area will create new market niches for organizations or companies. Likewise, an increase in the level of education of indigent of that geographic area will result in a dearth of qualified workers for some low-paying jobs, causing many organizations or companies to develop new (innovative) automation techniques. When a

new technology emerges, innovative companies can profit by exploiting it in new applications and markets¹¹⁴.

The innovation literature is indeed usually a broad approach, but becomes limited if applied to financial service innovation. In the case of banking services, particularly due to the considerable role of customer interaction and the intangibility characteristics, a bias towards technological innovations is even more inadequate¹¹⁵. The larger role of technology in the banking sector makes innovation capabilities more important for the success of companies in the sector. However, the customary lower levels of investment in research and development in the banking sector than in other industries point to the possibility that the innovation process in the banking field may have different preconditions and require different technological innovation capabilities¹¹⁶.

Also, innovativeness and newness of the innovation may be related to differences in innovation capabilities. For example, highly innovative products in the financial sector have a lower prospect of earning back investments, as the response time (the time before imitations appear) is rather short due to the competition by other service providers like microfinance institutions that often imitate under “own-label. Research findings reveal that only 4.7 percent of sales come from radical innovations in the banking industry, while this ranges between 6.4 and 11.6 percent in technology-based industries. The banking sector has a relative difficulty to earn back the investments from product innovations, due to the dominant position of the banks in making an innovation successful, while engaging relatively little in co-innovation (when compared to other industries). The share of turnover from new products to the market is lower in the banking industry, with 6 percent in the latter and 9 percent in total industry, and 8 percent of turnover is from products new to the company in the bank compared to 12 percent in the total industry¹¹⁷.

Due to the lack of co-investment in the innovation, the advantages from this kind of innovation do not always end up with the actor who has made the investment. This is exacerbated by the difficulty to protect the intellectual property rights in the banking industry. Accordingly, there is more focus on process innovation in the banking industry, with sixty-nine (69) percent of innovators in the banking industry focus on process innovation, compared to fifty-seven (57) percent in chemical and machine industries, and 61 percent in the electro-technical industry¹¹⁸.

In addition, innovative companies indicate that uncertainty about the demand is one of the most important impeding factors for innovation¹¹⁹. These aspects make the innovation process in the banking sector complex, time-consuming and risky. The capabilities of firms to deal with the challenges of innovation, assuring adequate resources and fast adaptation to the conditions in the business environment, are considered to be critical for successful innovation¹²⁰. Furthermore, the lack of an effective technological innovation development process as a barrier to innovation management. A recent study concluded that the single biggest growth inhibitor for banks was mismanagement of the innovation process¹²⁰. According to some researchers, the personality of the individuals involved in the initial phases of the technological innovation process is as important as the innovation process itself. Only when the team “chemistry” is optimal, can the team be truly innovative and create “flow”. In another study, some researchers argue that the deeper underlying cause of the problems with bank performance is to be found in the command-and-control mental model that has prevailed in managerial thought for years¹²¹. This model continues to persist despite the fact that today’s business environment is staggeringly complex, rapidly changing and unpredictable. Yet challenging, questioning,

and provoking are activities teams should be engaging in, in highly turbulent environments.

2.2 Theoretical Framework

This section covers theories reviewed for the study, theoretical framework, identification and measures of variables, and the theoretical model of the study. The theories reviewed include Agency Theory and the dynamic capability theory. 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 Berle and Means in 1932 and expounded by Jensen and Meckling in 1976. Agency theory provided insightful in how to comprehend the interactions between an agent and principal. According to this theory, the agent should act in the best interest of his principal in all business deal pertaining to the agreement. This is critical because, the activities of the agent have direct consequence for his principal. Hence, the agent is supposed to safeguard the best interests of the principal without considering his personal interest as more important¹²².

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. Yet, agents are thought to function in the sole interest of their principals. Nevertheless, there are 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

principal¹¹³. Furthermore, agency theory assumes that the corporation is a “nexus of contracts” between these individuals (the principals) and managers (the agents), with the objective of eventually restraining or guiding conflicting interests. There are numerous differing clusters within a business that contributes 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 reparation¹¹⁴.

The flaws of agency theory in explaining corporate governance mechanisms, in general, are noted when argument was raised against the analysis that claims that private bargaining or contract sufficiently restrains 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-centred, but for the reason that the likelihood for variances between the principal’s and the agent’s interests occurs¹¹⁵.

Agency theory has continuously gained the support of recent studies and was acknowledged as the major and dominant theory in many corporate governance research^{101,67}. Several authors support the theory amongst numerous others. These authors advocate that agency theory is an effective framework that explains the relevance of corporate governance to a firms’ sustainability¹¹⁷.

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 obedience¹¹⁸. 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 principal¹²².

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 agent¹¹⁹. This has been 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 behaviour 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 conflict of interest between and the principal and the agent¹²⁰.

Agency theory offers a theoretical explanation 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 activities¹¹³. 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 Dynamic Capability Theory

The dynamic capability theory is rooted in the RBV nonetheless accentuated the need for firms to possess knowledge, skill, and abilities (KSA) to survive and prosper in a changing environment (an idea that constituted the criticisms of RBV), the concept of dynamic capability was conceived in the working paper by Teece, Pisano, and Shuen in 1990. It was published initially by Teece and Pisano in 1994¹²³. The scholars had worked on the earlier published work to provide a robust explanation for the interaction of its assumptions and to respond to critics. According to a study capability represents an entity's ability to integrate, build, and reconfigure internal and external competencies to address the fast-changing environment¹²⁴.

Dynamic capabilities accentuate two critical facets of the development of new forms of competitive advantage: the dynamics and capability¹²⁴. The word 'dynamics' means the attribute of change in the environment requiring strategic responses, and

'capability' suggests the role of strategic management (through KSA) in dealing with required modifications through internal organisational adaptation¹²⁵. Thus, dynamic capabilities are those that enable organisations to instinctively respond to changing business landscape either within its industry or macro-environment¹²⁶.

Teece built the dynamic capability theory on three assumptions, namely, adaptive, absorptive, and innovative capabilities, as these are considered as essential industry-level dynamic capabilities¹²⁷. Adaptive capability refers to the ability of a firm to rapidly coordinate and reconfigure resources in response to sudden environmental changes while maintaining the previous level of performance¹²⁸. It corresponded to the ability of an organisation to identify as well as seize the opportunities emerging in the market¹²⁹. Absorptive capability refers to the ability of a firm to identify, acquire, and apply external knowledge in its favor.

Absorptiveness is a function of a firm's existing stock of knowledge which can be relayed into products and processes of a firm. Absorptiveness depicts the integration of external information into the knowledge base of the firm, which is premised on knowledge acquisition, transformation, assimilation, and exploitation¹³⁰. Innovative capability refers to the firm's ability to introduce new products and services or to enter new markets by aligning strategic orientation with organisational processes¹³¹. It denotes the ability of a firm to exhibit innovative behaviours while always translating knowledge into new products and processes¹³².

Dynamic capability framework's emergence as the new standard in the field of strategic management is due to its increasing significance in the explanation of competitive advantages better compared with the RBV¹³³. These capabilities enable

organisations to meet the challenges posed by the environmental dynamism, which otherwise would threaten and make the existing skills obsolete. An important implication of this theory is that an organisation would need to simultaneously augment its ability to exploit new resources as well as its ability to renew existing capabilities and resources¹³⁴. This will in turn equip an organisation to react to changing market conditions, thereby leading towards a competitive advantage in the market.

Even though researchers recognised that the dynamic capabilities of the firm might positively contribute to firm performance, there is no strong empirically grounded evidence in the research literature that supports this idea¹³⁵. Moreover, a scholar argued that several drawbacks of dynamic capabilities could be identified. These include the failure to incorporate dynamic capabilities into the internal processes within the firm. More so, the complexity of the use of dynamic capabilities and the need for extensive large-scale management may lead to unnecessary changes. Furthermore, some researchers argue that dynamic capabilities do not manifest the characteristics of heterogeneity and thus cannot be a source of competitive advantage and that the role of dynamic capabilities is limited and indirect¹³⁶.

Despite these limitations and criticisms of the dynamic capability theory, some scholars believed that dynamic capabilities are the keys to competitive advantage particularly in a changing environment¹³⁷. To further show support and relevance of the theory; in a meta-analysis of dynamic capability literature, established that despite the approach emanating from the field of strategy, the underlining assumptions of the dynamic capability now represents a vibrant theoretical underpinning for several scholarly works in other area of studies such as entrepreneurship, marketing

management, Telecommunication service providers, and Banking industry^{128,129,130}. More so, dynamic capability played a vital role in an organisation as it underscored the accumulation of skills embedded in a firm, and it is directly associated with its financial performance.

Overall, regardless of the limitations and criticisms of dynamic capability theory, the overwhelming support of the theory in recent empirical literature in several field of studies confirmed its general adaptability for varying research contexts^{131,132}. More so, its relevance to this study stemmed from its capability to explain how a firm can cope with a dynamic environment and sustain superior performance. Furthermore, the dynamic capability theory provided a theoretical explanation for the continuous improvement in the firm-level capability such as, innovation capability drives competitive advantage. The bottom line is that a firm that intends to survive and flourish in a fast-changing environment would rely heavily on its capacity to consistently adapt, sense, and innovate its internal resources to align with its environment¹³³. This study is therefore underpinned by the agency theory and the dynamic capability theory given that while the agency addressed issues of corporate governance, the dynamic capability addressed the innovation capability linkage with achieving higher level of organisation performance.

2.3 Review of Empirical Studies

This subsection centers on the position of previous studies carried out in another context which relates to the objectives of this study.

2.3.1 Corporate Governance and Performance

The effect of risk management (a measure of corporate governance) on firm growth of deposit money banks in Nigeria. The study revealed that banks risk management (credit and liquidity risk) have positive and significant effect on the firm growth of Nigerian deposit money banks¹³⁴. In a study that focused on another measure of corporate governance (fairness), it was found that a fairness and firm growth are positively correlated¹³⁵. The impact of corporate governance was assessed on firm competitiveness focusing on mid-sized firms in South Africa. The study revealed that the implementation of corporate governance in these mid-sized firms significantly and positively affected their competitiveness and performance¹³⁶.

On the relevance of corporate governance board structure independence, the board independence is positively related to firm performance and stock growth¹³⁷. Likewise, corporate governance explained significant contribution to firm efficiency as a measure of growth¹³⁸. Equally, corporate governance structure and financial performance of the companies listed on the Nairobi stock exchange are positive correlate¹³⁹. This finding corroborated another submission which found significant positive relationship between corporate governance and firm performance¹⁴⁰.

The interactions between corporate governance, board diversity and firm value was examined. The results showed that corporate governance positively influences firm value which is an evidence of firm growth¹⁴¹. A conceptual paper conducted found theoretical and empirical relevance for corporate governance effect on firm performance (measured as profitability, market share, firm growth, operational efficiency and maximization of shareholders' wealth)¹⁴². Also, it was found that bank's performance and market value fall as the level of management ownership rises¹⁴³.

Furthermore, there was a positive and significant relationship between corporate governance and firm market performance¹⁴⁴. Also, there was a positive and significant relationship between board structure and firm performance in Europe¹⁴⁵. Similarly, it was found that board structure and ownership have significant and positive influence on firm growth¹⁴⁶. On the contrary, in a study on corporate governance measure (transparency), with focus on firms listed on the Nairobi securities, the result revealed a negative relationship between transparency (disclosure) practices and firm growth across the entire firm under investigation¹⁴⁷. Similarly, it was found that there is no relationship between corporate governance and firm growth¹⁴⁸.

It was revealed that there is a significant positive relationship between corporate governance and firm profitability. Further analysis showed that corporate governance has significant effect on firm profitability¹⁴⁹. Similarly, it was found that corporate governance (risk management) explained significant effect on profitability¹⁵⁰. In another similar study, which examined the interactions of ownership structure, corporate governance, risk management, and performance of Nigerian Banks. The results showed that after excluding the interactions of ownership structure and risk management, then corporate governance has positive and significant effect on bank performance on both financial and non-financial measures¹⁵¹. In the same vein, the relationship between board of director mechanisms and perceived performance of listed firms in Nigeria when examined showed that board of director composition and accountability were positively associated with perceived firm financial performance¹⁵². In a study on corporate governance and firm performance in Latin America using a meta-analysis, the authors found that CG best practices are associated with better Latin American firm performance. 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. The result implies 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 author further discovered that the relationship between GC and firm performance possesses certain peculiarities in the case of Latin American countries¹⁰⁶.

On the contrary, in an examination carried out on whether a relationship existed between corporate governance and profitability of companies listed on the Palestinian Stock Exchange. The result revealed that corporate governance and corporate profitability are negatively associated¹⁵³. A scholar investigated Turkish firms and found that corporate governance and firm profitability are negatively correlated. In addition, the effect of risk management (a measure of corporate governance) on financial performance was examined and found negative interaction between risk management and profitability, at the same time firms' risk responding strategies have no impact on the financial performance for firms under investigation¹⁵⁴.

Similarly, in an investigation on the effect of corporate governance on financial performance focusing on Pakistan banks. The results showed that the board size and institutional ownership are insignificantly related with financial performance measures such as ROA, ROE and EPS⁵⁹. Likewise, in a study which explored the sustainable company values through corporate governance and profitability. The study showed that corporate government does not have significant influence on the company values as well as profitability⁵⁰.

2.3.2 Innovation Capability and Organizational Performance

Study aimed at investigating the effect of Innovation capability and Firm performance among Nigeria Small and Medium Enterprises in all sectors. Data was collected using self-administered structured questionnaire from 280 SME's in North-western Nigeria. The data was analysed with Partial Least Squares Structural Equation Modelling (PLSSEM) technique. The findings revealed that innovation capability has significance positive relationship with firm performance. In addition, the findings also revealed that innovation capability is a significant SMEs success factor hence, stressing the importance of organizations innovation capability in rising the performance of SMEs. More so, the finding is in line with the assertion of a scholar who posited that innovation capability can influence firm performance. The necessary prerequisites for driving firm performance depends on well-designed, developed, and implemented innovations which play the important roles in bringing new ideas, improvement, reduction in cost of production and increase performance⁹⁷.

A scholar used data collected from 264 large and medium sized Croatian companies with more than 100 employees, to examine innovative capabilities, firm performance and foreign ownership. The results proved that companies with more developed innovative capabilities achieve higher performance levels, but that there is no difference in innovative capabilities between large and medium-sized companies. On the other hand, medium-sized companies have slightly higher levels of sales growth and increase in market share. Also, companies in foreign ownership are better at development of new products and new production methods, and they have higher levels of sales growth, market share and increase in market share⁹⁸.

A scholar examined the relationships between different types of Innovation and firm Performance and the Mediating Effect of Radical and Incremental Innovations on these

Relationships. Survey data was collected from 334 SME manufacturing companies in Kano state. The study found positive significant relationships between administrative innovation, process innovation & product innovation and firm performance (profitability, sales growth, market share, satisfaction and firm competitiveness). Abiodun's finding is consistent with prior researches⁹⁹.

A scholar examined Effective sense-and-respond strategies: Mediating roles of exploratory and exploitative innovation among 150 firms in Vietnam Manufacturing & Service industries. The scholar opined that exploratory and exploitative innovations are salient modi-operandi through which the effects of technology-sensing and market-sensing capabilities affect firm financial performance. Examining the new product innovation-performance relationship: Optimizing the role of individual-level creativity and attention-to-detail focusing on 150 Indian manufacturing firms in Tech & Chemicals. Study revealed that individuals need to engage at high levels of creativity and attention-to-detail when seeking to impact the firms' pursuit of new product innovation as a contributor to financial performance¹⁰⁰.

A scholar, which focused on Influence of innovation capability and customer experience, collecting data form 606 customers of retail firms, discovered that both technical innovation capability and non-technical innovation capability modifies the effect of complex demographics on loyalty and reputation. Some scholars examined innovation and business success: The mediating role of customer participation. The main purpose of this study is to advance the marketing literature by untangling the relationships among innovation capability, customer participation, service quality, and firm performance (Sales, market share & profitability). Result show that customer participation does not directly influence firm performance. This finding is in line with a theoretical contention

that customer participation may result in opposite effects on speed to market¹⁰¹. Specifically, customer participation activities have no or even negative impact on firm performance because bringing customers into collaboration activities may reduce the efficiency and increase the timelines¹⁰².

Studied Synergy effects of innovation on firm performance among 856 firms. Result revealed that exploration and exploitation orientations have positive impacts on product innovation and process innovation respectively which have positive impacts on the firm's performance. Product differentiation: a tool of Competitive advantage and optimal Organizational performance (a study of Unilever Nigeria Plc). Collecting data from 323 respondents based in Ota, Ogun state were selected based on the simple random sampling technique. Finding indicates that there is a significant relationship between new product innovation of an organization and its customer satisfaction. Similarly, indicate that there is a significant relationship between unique product features of an organization and its customer satisfaction. There is a significant relationship between higher product quality and the sales growth of an organization¹⁰⁸.

Some scholars examined innovation Capability and Firm Performance Relationship: a Study of PLS-Structural Equation Modelling, comprising of 280 SMEs owners/managers in North-western part of Nigeria. The outcome of the structural model shows that there is significant positive relationship between innovation capability and firm performance (market share, profit, sales growth, customer acquisition). Some scholars examines the role of innovation on performance of firms on the Nigerian Stock Exchange. The central objective of the paper was to look at the relationship between innovativeness and firm performance in Nigeria. 60 firms were purposively selected out of a targeted population of 176 firms listed in the Nigerian Stock Exchange with financial returns as at August,

2014. Innovation was found to have negative relationships with both returns on assets, and returns on equity. This result suggests that, in Nigeria, like in Kenya, innovation has been widely adopted and practiced, but it was yet to have positive relationship with returns on assets and returns on equity in Nigeria^{110,111}.

The finding of scholars posit that innovation capabilities affect service quality through customer participation. This new insight implies that firms that place their efforts on applying their knowledge and skills to implement innovation activities should engage in customer participation activities. This finding reinforces scholar's recommendation that from a strategic viewpoint, firms may want to encourage participation in production by customers who have a strong relationship with the firm. This study's findings also show that customer participation enhances service quality. These results support the view that being a firm–customer linking asset, customer anticipation is a contingency variable that firms can embrace in managing innovation activities⁹². In particular, innovation capabilities are a necessary but not a sufficient condition for superiority in performance and the potential value of innovation capabilities is realized through effective customer participation¹¹².

A scholar examined the interaction between organizational learning, innovativeness and Financial Performance of 350 Small and Medium Enterprises in Nigeria. Study revealed that organizational innovativeness has no relationship with financial performance. Some scholars examined the relationship between innovation and firm performance: An empirical evidence from Turkish automotive supplier industry among 240 Automobile supplier in Turkey. Study discovered that out of the four types of innovation, only product and process innovation positively and significantly affect firm performance⁹⁸.

Some scholars examined Effects of sales force market orientation on creativity, innovation implementation, and sales performance among 153 sales managers. Results indicated that the effect of sales force creativity on performance is fully mediated by innovation implementation, which can be bolstered by an innovative organizational culture. A researcher examined the Effective sense-and-respond strategies: Mediating roles of exploratory and exploitative innovation. Studying 150 CEO & General Manager of B2B firms in Vietnam both in Manufacturing & Service industry. Result reveals that exploratory and exploitative innovations are salient modi-operandi through which the effects of technology-sensing and market-sensing capabilities affect firm performance⁷⁸.

Some scholars examined the Effects of Innovation on Performance of Manufacturing SMEs in Nigeria, The study sampled a total of 305 SMEs in textile/leather/apparel and footwear subsector; wood/furniture and woodworks subsector; and domestic/industrial plastic and rubber subsector in Southwestern Nigeria. The hierarchical regression analysis results revealed that process innovation and organizational innovation positively impacts firm performance significantly. However, product innovation and market innovation did not have significant impact on firm performance (Sales revenue). This is consistent with researcher's findings as their study revealed that marketing innovation had insignificant positive impact on performance⁸².

The success of any organization can be measured by the performance of workers in such an establishment⁹³. This gives such an establishment the ability to put in their very best in a way that it will benefit their organization towards meeting the set goals and objectives. The relationship between innovation capability and organizational performance has been theoretically and practically investigated. Organizational performance is regarded as a vital sign of the organizations showing how well activities within a process or the outputs

of a process achieve a specific goal⁹⁴. It is a process of assessing progress towards achieving predetermined goals, including information on the efficiency by which resources are transformed into goods and services, the quality of these outputs and outcomes, and the effectiveness of organizational objectives. Based on the research that was carried out, emphasis is been laid on meeting the goals and objectives of the organization. It serves as the fulfilment of intended mission of an organization which is obtained through good management, persistent efforts and superior governance in order to achieve goals making use of multiple performance which includes responsiveness, flexibility, cost, productivity, asset efficiency utilization and reliability⁹⁵.

Theoretical and Practical studies undertaken of these writers suggests that the innovation process involves the transformation of valuable knowledge into added value for the organization. A related study researched into the technological innovation and Nigerian banks performance: the assessment of employee's and customer's responses, a questionnaire survey with a sample of 1,912 respondents¹⁰⁴. The result revealed that technological innovation influenced banks performance, customer's satisfaction and improvement in banks profitability. Further studies are suggested to be carried out in other sectors of the economy. This study identified past researchers that has investigated the moderating effect of knowledge retention on the relationship between innovation capability and organizational performance as well as analyzed the various results which emanate from other studies¹¹⁸.

In a similar research work carried out on innovation capabilities and small and medium enterprises performance, an exploratory study, this study employed a qualitative research method using an in-depth interview with eight owners/managers of Chinese manufacturing SMEs. In its findings, it was revealed that product and marketing

innovation capability have a significant impact on SMEs financial performance while process and organizational innovation capabilities positively influence SMEs operational performance. The study pointed out that the major determinants of innovation capability involved availability of sufficient organizational resources, entrepreneurial orientation, knowledge development and external networks. The result shows the contextual moderating factors on the relationship between innovation capability and SMEs' performance involved in internal factors¹¹⁹.

An empirical study on the relationship between innovation capability and performance. The moderating effect of measurement was researched to know whether performance measurement moderates the relationship between innovation capability and firm performance. This study was conducted through a web-based survey in small and medium sized enterprises (SMEs) with a total of 311 responses received from a sample of 2400. Result shows consistent with predictions, the link between innovation capability and firm performance is significant in the presence of performance measurement. Performance measurement can thus be used as a tool for improving the performance of SMEs through innovation capability. The study suggested that the need for firms to be capable to produce innovation is crucial for its success¹²⁰.

2.4 Conceptual Model

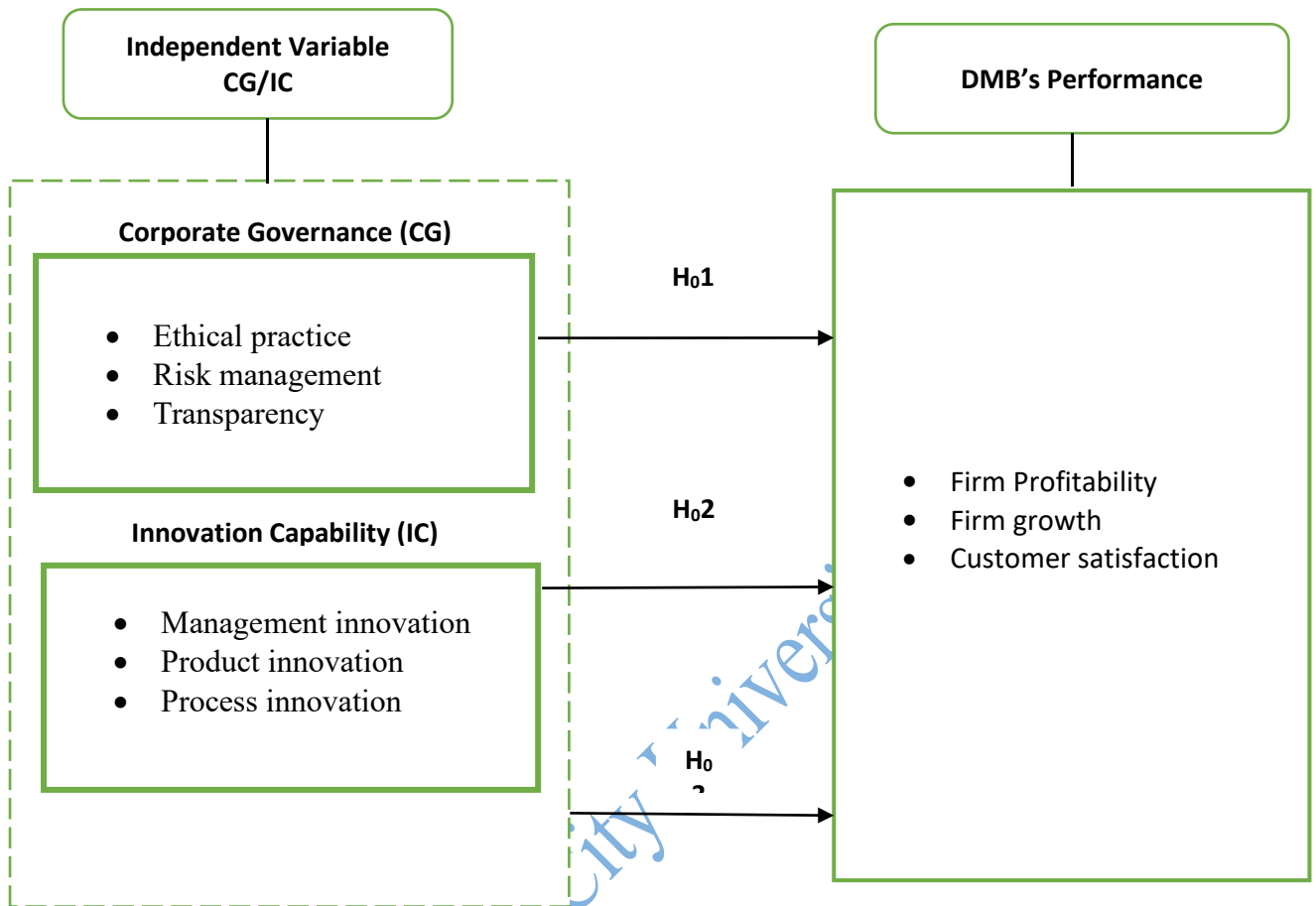


Figure 2.1: Conceptual Model

Source: Researcher's Conceptual Model, 2023

The figure 2.1 above represents the illustration model of the study describing the interaction between the independent variables (corporate governance and innovation capability) and dependent variable (performance) used in the study. The independent variable corporate governance is measured by risk management, ethical practice, and transparency. While innovation capability is measured as management, product and process innovation and this align literature. The dependent variable performance includes sub-measures such as firm profitability, growth, and customer satisfaction. H₀ represents the various null hypotheses to be tested in this study. Hypothesis one (H₀₁) tested the effect of corporate governance dimensions on performance, hypothesis two (H₀₂) tested

the effect of innovation capability dimension on performance; hypothesis three (Ho3) tested the combined effect of corporate governance and innovation capability on performance of selected DMBs in Lagos State, Nigeria.

2.5 Summary of Gaps in Literature Reviewed

It is widely acknowledged that good corporate governance culture and sound innovation capability 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 Nigerians¹⁸.

Scholarly work have been done to substantiate the functional relationship between corporate governance and innovation capability on organisational performance in divers sectors^{14,15,16}. Likewise empirical submission have been made about corporate governance and innovation capability relevance for business survival and sustainability however scholars have recommended the need for more studies on the performance effect of corporate governance and innovation capability in the banking sector especially after the disruptions caused by the rampaging COVID-19 pandemic, the new naira design policy of the CBN, and subsidy removal.

Several scholars have focused on different aspects of corporate governance practices and innovation capability and their influence on performance in different sectors in both developed and developing countries employing majorly quantitative methods, cross-sectional survey, and expo-facto design^{20,21,22}. However, these studies have not focused on how corporate governance (risk management, ethical practice, & transparency) and innovation capability (management, product, & process) affects the performance of deposit money banks even as scholars suggested that the gap be filled^{23,24}. Bearing in

mind the gaps identified above in existing literature and problems acknowledged concerning the DMBs in Nigeria, this study intends to evaluate the effect of corporate governance and innovation capability on performance of DMBs in Lagos State, Nigeria.

Do Not Copy, Lead City University, Nigeria

Endnotes

1. Jenatabadi, S. H. "An overview of organizational performance index: Definitions and measurements." Retrieved from <https://pdfs.semanticscholar.org/53ca/1a557bb7aa2199c79f0227d4f1c83a780acf.pdf> (2015).
2. Ion, E. & Criveanu, M. "Organizational performance – a concept that self-seeks to find itself." *Annals of the Constantin Brâncuși" University of Târgu Jiu, Economy Series*, (2016)
3. Kenny, V. & Nnamdi, S. "Employee productivity and organizational performance: A theoretical perspective." Retrieved from https://www.researchgate.net/publication/332260116_Employee_productivity_and_organizational_performance_A_theoretical_perspective (2019).
4. Ahmed, A., Khuwaja, F. M., Brohi, N. A., & Othman, I. bin L. "Organizational factors and organizational performance: A resource-based view and social exchange theory viewpoint." *International Journal of Academic Research in Business and Social Sciences*, 8, 3 (2018), 579-599.
5. Kabuoh, M. N., Ogbuanu, B. K., & Chieze, A. C. "Impact of political and socio-cultural business environment on growth and market performance in selected ICT companies in Lagos State." *International Journal of Advanced Studies in Business Strategies & Managements*, 4, (2016), 1-10.
6. Mabaso, C. & Dlamini, B. "Total rewards and its effects on organizational commitment in higher education institutions." *SA Journal of Human Resource Management*, 16,1(2018), 10 – 41.
7. Khadka, K. & Maharjan, S. "Customer satisfaction and customer loyalty." Centrica University of Applied Sciences Pietarsaari, (2017).
8. Olusola, O. A. "Accounting skill as a performance factor for small businesses in Nigeria." *Journal of emerging trends in economics and management sciences*, 2,5(2011), 372-378.
9. Mandy, M. K. "The relationship between innovativeness and performance of small and medium-size enterprises (SMEs) of Malaysian manufacturing sector." *International Journal of Management and Innovation*, 1,2(2009), 1-14.
10. Adeleke, A., Ogundele, O. J. K., & Oyenuga, O. O. "Business policy and strategy." (2nd. Ed.), Lagos: Concept Publications, (2008).
11. Antony, J. P. and Bhattacharyya, S. Measuring organizational performance and organizational excellence of SMEs—Part 2: An Empirical Study on SMEs in India. *Measuring Business Excellence*, 14, 2(2010), 42-52.
12. Saeidi, P., Sofian, S., Zaleha, S., & Abdul, B. "A proposed model of the relationship between enterprise risk management and firm performance." *International Journal of Information Processing and Management*, 5, 2(2014), 70-80.

13. Ahmed, I. & Norlida, A. "Influence of enterprise risk management framework implementation and board equity ownership on firm performance in Nigerian financial sector: An initial finding." Retrieved from <https://www.researchgate.net/publication/3075860>(2016).
14. Teoh, A. P. & Rajendran, M. "The impact of enterprise risk management on firm performance: Evidence from Malaysia." *Asian Social Science*, 11,22(2015), 149-159.
15. Lilly, J. & Juma, D. "Influence of strategic innovation on performance of commercial banks in Nairobi County." *European Journal of Business Management*, 2,1(2014).
16. Olaosebikan, J. S., Oginni, B. O., & Ogunlusi, C. F. "Evaluation of time management for growth and development in developing economies: Nigerian experience." *International Journal of Innovative Research and Development*, 2,7(2013), 490 – 496.
17. Machek, O., & Machek, M. "Factors of business growth: A decomposition of sales growth into multiple factors." *WSEAS Transaction on Business and Economics*, 11, (2014). 380-385.
18. Puckett, J. "The importance of performance management." Retrieved from <https://technologyadvice.com/blog/human-resources/importance-of-performance-management/> (2019).
19. Price, J. "Ready to modify your performance management system?" Retried from <https://www.peoplecorp.com.au/hr-spotlight/ready-modify-performance-management-system/>(2018).
20. Gallagher, B. "The dos and don'ts of performance reviews." Retrieved from: <https://www.amanet.org/articles/the-dos-and-donts-of-performance-reviews/U>(2019).
21. Muya, T. W. & Gathogo, G. "Effect of working capital management on the profitability of Manufacturing Firms in Nakuru Town, Kenya." *International Journal of Economics, Commerce and Management*, 4, 4(2016), 1082–1105.
22. Anene, E. C. "What difference does inventory control make in typical small scale firms' profitability?" *International Journal of Management Sciences and Business Research*, 3,10(2014), 1–4.
23. Niresh, J. A. & Velnampy, T. "Firm size and profitability: A study of listed manufacturing firms in SriLanka." *International Journal of Business and Management*, 9,4(2014), 57–64.ier
24. Stierwald, A. "Determinants of profitability: An Analysis of Large Australian Firms." Melbourne Institute Working Paper No. 3/10, (2010). The University of Melbourne.
25. Tariq, W., Muhammad, U., Haseeb, Z., Inam, A. & Imran A. "Determinants of commercial banks profitability: Empirical Evidence from Pakistan." *International Journal of Accounting and Financial Reporting*, 4,2(2014), 1-22.

26. Adeusi, S. O., Kolapo, F. T. & Aluko, A. O. "Determinants of commercial banks' profitability panel evidence from Nigeria." *International Journal of Economics, Commerce and Management*, 2, 12(2014), 1-18.
27. Winarso, Widi. Sustainable Company values through corporate governance and profitability. *Journal of Life Economics*, 11,2(2014),258-272.
28. Onuonga, Susan Moraa. The analysis of profitability of Kenyas top six commercial banks: Internal factor analysis. *American International Journal of Social Science*, 3,5(2014), 94-103.
29. Schreiberfeder, J. Inventory management: analysing inventory to maximize profitability. Effective inventory management, Inc. (2006)
30. Farah Margaretha, & Nina Supartika. Factors affecting profitability of Small Medium Enterprises (SMEs) Firm listed in Indonesia stock exchange. *Journal of Economics, Business and Management*, 4,2(2016), 132 – 137.
31. Shepherd, D. & Wiklund Johan. Aspiring for and achieving growth: The moderating role of resources and opportunities. *Journal of Management Studies*, 40,8(2003), 1919-1941.
32. Dobbs Matthew, & Hamilton R.T. Small Business Growth: Recent evidence and new directions. *International Journal of Entrepreneurial Behavior & Research*, 13,5(2007), 296-322. <https://doi.org/10.1108/13552550710780885>
33. Davidsson Per, Achtenhagen Leona, & Lucia Naldi. Small Firm Growth. *Foundations and Trends in Entrepreneurship*, 6,2(2010), 69-166.
34. Chen, J. Growth Firm. Retrieved from <https://www.investopedia.com/terms/g/growth-firm.asp> (2018).
35. Machado, H. P. Growth of small businesses: a literature review and perspectives of studies. *Gest. Prod., São Carlos*, 23,2(2016), 419-432.
36. Neil, L., Brown, R. & Schluetter, T. Modes of firm growth. Retrieved from https://www.enterpriseresearch.ac.uk/wp-content/uploads/2016/05/ERC-ResPap46-LeeBrownSchlueter-RBNL_acks.pdf (2016).
37. Coutu, S. The scale-up report on UK Economic Growth, An independent report to the UK government. Retrieved from <http://www.scaleupreport.org/scaleup-report.pdf> (2014).
38. Sedlacek, P., Pugsley, B., & Sterk, V. The Nature of Firm Growth. Retrieved from <https://ideas.repec.org/p/red/sed017/196.html> (2017).
39. Rauch, A. & Rijskik, S. A. The effects of general and specific human capital on long-term growth and failure of newly founded businesses. *Entrepreneurship Theory and Practice*, 3, (2013), 923-941.

40. Haltiwanger, J., R. Jarmin, R. Kulick, and J. Miranda. High growth young firms: Contribution to job, output and productivity growth, *US Census Bureau Centre for Economic Studies Paper No. CES-WP-16-49*, (2016).
41. Decker, Ryan A., Haltiwanger, John, Jarmin Ron, & Miranda Javier. Declining Business dynamism: what we know and the way forward. *American Economic Review*, 106, 5(2016), 203-207.
42. Arthurs, J. D., & Busenitz, L. W. Dynamic capabilities and venture performance: The effects of venture capitalists. *Journal of Business venturing*, 21, 2(2006), 195-215.
43. Zahid, I. *Corporate governance and value relevance of accounting information: Evidence from Pakistan. A Master's thesis submitted in the department of business administration, Faculty of business administration & social sciences. Capital University of science and technology, Islamabad (2016).*
44. Lawal, B. Re-duplication of corporate governance codes and the Dilemma of firms with dual regulatory jurisdictions. *Corporate Governance: The International Journal of Business in Society*, 16, 3(2016), 2–19.
45. Rampersad, H., & Hussain, S. Authentic governance model. Retrieved from <https://doi.org/10.1007/978-3-319-03113-2> (2014).
46. Nuhu, M., & Hussani, S. M. Empirical study of the relationship between board of director mechanisms and Perceived performance of listed firms in Nigeria. *Journal of Accounting and Finance in Emerging Economies*, 3, 2(2017), 1-20.
47. Segrestin, B., Andrew, J., & Armand, H. The incomplete separation of ownership and control: where are the managers in law? *European Academy of Management*, 2,1(2018), 1- 38.
48. Jensen, M. C., & Meckling, W. H. Theory of the firm: Managerial behavior, agency costs and ownership structure. *Journal of Financial Economics*, 3,4(1976), 305–360.
49. Adeoye, A. “Corporate governance in the Nigerian banking sector: Issues and challenges.” *European Journal of Accounting, Auditing and Finance Research*, 3,5(2015), 64- 89.
50. Sulisnaningrum, E. “Sustainable company values through corporate governance and profitability.” *Journal of life Economics*, 5,1(2018), 23 – 56.
51. Magdi & Nedareh. “Examination of the dynamic interactions among ownership structure, corporate governance, risk management and performance of Nigerian Banks.” *African Research Review*, 12,1(2002), 12 – 22.
52. Rogers, M. “Corporate governance and financial performance of selected commercial banks in Uganda.” *Journal of Accounting Research*, 33, (2005), 231-262.

53. Khan, A. M. A literature review of corporate governance. *Management and Economics IPEER*, 2,3(2011), 2 – 11.
54. *Bozec Yves & Richard Bozec. Ownership concentration and corporate governance practices: substitution or expropriation effects? Canadian Journal of Administrative Sciences*, 24, 3(2007), 182-195. <https://doi.org/10.1002/cjas.23>
55. *Lemo, T. Keynote address of the 34th Conference of ICSAN. Sheraton Hotel and Towers. Banquet Hall, Lagos, 2010.*
56. *Oluyemi, S. A. Banking sector reforms and the imperatives of good corporate governance in the Nigerian Banking system. www.ndic-ng.com/pdf/cgovbk. (2005), 1-33.*
57. Kenga, S. T., & Nzulwa, J. The role of corporate governance practices on firm performance of medium sized Enterprises in kilifi county, Kenya. *Journal of Business and Change Management*, 5,2(2018), 639-661.
58. Akinkoye, E. Y., & Olasanmi, O. O. “Corporate governance practice and level of compliance among firms in Nigeria: An Industry analysis.” *Journal of Business & Retail Management Research*, 9,1(2014), 1 – 11.
59. Uzma, B., Ummara, F., Sundas, S., Farhat, R., & Rabia, M. “Internal corporate governance and financial performance nexus: A case of Pakistan banks.” *Journal of Finance and Accounting*, 6,1(2018), 11-17.
60. *Osaze, B. E. “The imperative of corporate governance and post- merger acquisition/ consolidation for sustainable growth.” Journal of Finance and Banking*, 1,1(2007), 46-52.
61. Tai, L. “The Impact of corporate governance on the efficiency and financial performance of GCC national banks.” *Middle East Journal of Business*, 55, (2015), 1-5.
62. Obradovich, J., & Gill, A. “The impact of corporate governance and financial leverage on the value of American Firms.” *International Research Journal of Finance and Economics*, 9,2(2012), 1–14.
63. Gompers, P., Ishii, L., & Metick, A. “Corporate Governance and Equity Prices.” *Quarterly Journal of Economics*, 118, (2003), 107-155.
64. Narayanan, P. C., & Thenmozhi, M. “Rule of law or country level corporate governance: what matters more in emerging market acquisitions?” *Research in International Business and Finance*, 37, (2016), 448-463.
65. Choi Stephen, Fisch Jill, Kahan Marcel & Rock Edward. “Does majority voting improve board accountability?” *The University of Chicago Law Review*, 83, 3(2016), 1119-1180. Doi:10.2139/ssrn.2865826.
66. Gramling, A., Maletta, M., Schneider, A., & Church, B. The role of the internal audit functions in corporate governance: A synthesis of the extant internal auditing

literature and directions for future research. *Journal of Accounting Literature*, 23, 1(2004), 194-245.

67. Nuhu, M., & Ahmad, B. S. "Investigating the issues and challenges of corporate governance in Nigerian." *A Peer Reviewed International Journal of Asian Academic Research Associates*, 3, 12(2016), 93-122.
68. Adeyeni, A. A. "Examination of the dynamic interactions among ownership structure, corporate governance, risk management and performance of Nigerian Banks." *African Research Review*, 12, 1(2018), 12 – 22
69. Al-Matari, E. M. A. "*Corporate governance and performance of non-financial public listed firms in Oman*" (Doctoral dissertation, Universiti Utara Malaysia), 2014.
70. Moenga, G. O. "The effect of corporate governance on the financial performance of micro finance institutions in Kenya." MSC Project, University of Nairobi, (2015).
71. Afande, F. O. "Adoption of corporate governance practices and financial performance of small and medium enterprises in Kenya." *Research Journal of Finance and Accounting*, 6, 5(2015), 34 – 56.
72. Knell, A. "Corporate Governance: How to Add Value to your Company: A Practical Implementation Guide." Oxford: Elsevier (2006).
73. Ironkwe, U. & Oglekwu, M. "International Financial Reporting Standards (IFRSs) and corporate performance of listed companies in Nigeria." *IIARD International Journal of Banking and -Finance Research*, 2, 3(2016), 1-13.
74. Kwabena, Kyei A. "Determination of Banks Profitability: Modelling some factors." **Actual Problems in Economics**; Kiev. 200, (2018): 108-124,126.
75. Okere, W., Isiaka, M. A., & Ogunlowore, A. J. "Risk management and financial performance of deposit money banks in Nigeria." *European Journal of Business, Economics and Accounting*, 6,2(2018), 1-13.
76. Niringiye, Aggrey; Luvanda, Eliab; & Joseph, Shitundu. "Firm size and technical efficiency in East African Manufacturing firms" *Current Research Journal of Economic Theory*, 2, 2(2010),110-131.
77. Babayanju, Abdulganiy; Animasaun, Rasheed O. & Sanyaolu Wasiu. "Financial reporting and ethical compliance: the role of regulatory bodies in Nigeria. *Account and Financial management Journal*, 2, 2(2017), 600-616.
78. Ferro, C., Padin, C., Padin, C., Svensson, G., Svensson, G., & Høgevold, N. M. "Validating a framework of stakeholders in connection to business sustainability efforts in supply chains." *Journal of Business & Industrial Marketing*, 32, 1(2017), 124-137.

79. Khiari Wided. "Corporate Governance and Disclosure Quality: Taxonomy of Tunisian listed firms using the decision tree method based approach." *Emerging Markets Journal*, 3, 2(2013), 46-68.
80. Lawal, B. "Board dynamics and corporate performance: a review of the literature, and empirical Challenges." *International Journal of Economics and Finance*, 4,1(2012), 22.
81. Mugaloglu, Y. I., & Erdag, E. "Corporate governance, transparency and stock return volatility: Empirical Evidence from the Istanbul Stock Exchange." *Journal of Applied Economics & Business Research*, 3, 4(2013), 207-221.
82. Rashedul, H., Kashfia, S., & Anisa, S. "Influence of internal and external governance mechanisms on corporate governance disclosure among Islamic and conventional banks." *Global Review of Islamic Economics and Business*, 5,1(2017), 25-36.
83. Robichau, R. W. "The mosaic of governance: Creating a picture with definitions, theories, and debates." *The Policy Studies Journal*, 39, 1(2011), 113-130.
84. Sayla, S. S. "The association between corporate governance and firm performance – a meta-analysis." *International Journal of Accounting and Information Management*, 23,3(2015), 1-20.
85. Sheikh, N., Wang, Z., & Khan, S. "The impact of internal attributes of corporate governance on firm performance: Evidence from Pakistan." *International Journal of Commerce and Management*, 23, 1(2013), 38–55.
86. Adebayo, M., Ibrahim, A. O. B., Yusuf, B., & Omah, I. "Good corporate governance and organizational performance: An empirical analysis". *International Journal of Humanities and Social Science* 4, 7(2014), 1-9.
87. Shkendije, H. "Corporate governance in banks and its impact on risk and performance: Review of literature on the selected governance mechanisms." *Journal of Central Banking Theory and Practice*, 3,2(2014), 53 – 85.
88. Amoateng, A. K., Osei, k. T., Ofori, A., & Gyabaa, E. N. (2017). "Empirical study on the impact of corporate governance practices on performance: evidence from SMEs in an emerging economy." *European Journal of Accounting Auditing and Finance Research*, 5, 8(2017), 50-61.
89. Rejda, G. E. "Principles of risk management and insurance." USA: Addison Wesley, Sixth Edition, New York (1998).
90. Igbekoyi, O. E., & Agbaje, W. H. Corporate governance and accounting information disclosure in the Nigerian banking sector. *International Review of Business and Economics*, 2, 1(2018), 27-49.
91. Voorn, Bart; Genugten Marieke; & Thiel Sandra Van. "Multiple principals, multiple problems: Implications for effective governance and a research agenda for joint service delivery." <https://doi.org/10.1111/padm.12587> (2019).

92. Hussain, M., & Hoque, Z. "Understanding non-financial performance measurement practices in Japanese banks." *Accounting, Auditing and Accountability Journal*, 15, 2(2002), 162-183.
93. Ararat, M., Black, B. S., & Yurtoglu, B. B. "The effect of corporate governance on firm value and profitability: Time-series evidence from Turkey." *Emerging Markets Review*, 30, (2017),113-132.
94. Bruce, A., Buck, T. & Main, B. G. "Top executive remuneration: a view from Europe." *Journal of Management Studies*, 42, (2005),1493–1506.
95. Almasarwah Adel. "Discretionary accruals and ownership structure: empirical study from Jordan." *International Journal of Corporate Governance*, 10(2015), 3-4.
96. Nikkinen, Jussi & Petri Sahlstrom. "Does Agency Theory Provide a General Framework for Audit Pricing?" *International Journal of Auditing* 8,3(2004) DOI:10.1111/j.10991123.2004.00094.x
97. Rutherford, R. C., Thomas Springer M., & Yavas A. "Conflicts between principals and agents: evidence from residential brokerage". *Journal of Financial Economics*, 76, 3(2005), 627-665.
98. Bicudo de Castro V. "Unpacking the notion of subjectivity: Performance evaluation and supervisor discretion. *The British Accounting Review*, 49, 6(2017), 532-544.
99. Harrison, J. S., Bosse, D. A., & Phillips, R. A. "Managing for stakeholders, stakeholders utility functions & competitive advantage." *Strategic Management Journal*, (2010),58-74.
100. Samantha Miles. "Stakeholder: Essentially contested or just confused?" *Journal of Business Ethics*, 108, 3(2012), 285-298.
101. Donaldson, L., & Muth, M. M. "Stewardship theory and board structure: A contingency approach." *Corporate Governance- An International Review*, 6, 1(1998), 5-28.
102. Goodpaster, K. E. "Business Ethics and Stakeholder Analysis." *Business Ethics Quarterly*, 1, (1991), 53-73.
103. Mitchell, Ronald K., Agle, Bradley R., & Wood Donna, J. "Toward a theory of stakeholder identification and salience: defining the principle of who and what really counts." *The Academy Management Review*, 22, 4(1997), 853-886.
104. Mansell, Samuel F. "Capitalism, Corporations and Social contract: A critique of stakeholder theory. *Cambridge University Press*, (2013).
105. Bebeji, Aminu; Mohammed Aisah; & Tanko Muhammed. "The effect of board size and composition on the financial performance of banks in Nigeria." *African Journal of Business Management*, 9,16(2015), 590-598.

106. Friedman, Andrew Lloyd & Samantha Miles. "Stakeholders: Theory and Practice." *Oxford University Press*, UK, 2006.
107. Berle, A. & Means, G. "The Modern corporation and Private property." Commerce Clearing House, New York.
108. Boatright John. "Fiduciary duties and the shareholder-management relation: or, what's so special about shareholders?" *Business ethics quarterly*, 4, 4(1994), 393.
109. Bokhari, Nadia S., & Hashmi, Kashif Ali. "A Critical Review on the corporate governance, board independence and gender diversity in emerging Asian Countries." *Journal of Culture, Society and Development*, 25, (2016), 1-6.
110. Ngu, Bing Sie & Amran, Azlan. "Materiality disclosure in sustainability reporting: fostering stakeholder engagement." *Strategic Direction*, 34, 5(2018), 1-4.
111. Okere Wisdom; Akindele Ogunlowore; & Isiaka Muideen. "Risk Management and Financial performance of Deposit money banks in Nigeria." *European Journal of Business, Economics and Accountancy*, 6, 2(2018), 30-42.
112. Aziz Tariq, Sadia Majeed & Saleem Saba. "The effect of corporate governance elements on corporate social responsibility disclosure: An Empirical Evidence from listed companies at KSE Pakistan." *International Journal of Financial Studies*, 3,4(2015), 530-556. doi:10.3390/ijfs3040530
113. Hove-Sibanda, P., Sibanda, K., & Pooe, D. "The impact of corporate governance on firm competitiveness and performance of small and medium enterprises in South Africa: A case of small and medium enterprises in Vanderbijlpark." *Independent Research Journal in the Management Sciences*, 17, 1(2017), 1-22.
114. Al-Najjar, B. "Corporate governance, tourism growth and firm performance: Evidence from publicly listed tourism firms in five Middle Eastern countries." *Tourism Management*, 42(2014), 342-351.
115. Makki, M. A. M., & Lodhi, S. A. Impact of corporate governance on intellectual capital efficiency and financial performance. *Pakistan Journal of Commerce and Social Sciences*, 8, 2(2014), 35-330.
116. Nyatichi, Veronica. "Moderating Influence of Board diversity and director's compensation on Corporate Governance structure and financial performance of the companies listed on the Nairobi Stoc Exchange." *International Journal of Accounting Research* (2017). doi:10.4172/2472-114x.1000136
117. Rajput Namita & Bharti Joshi. "Shareholder types, corporate governance and firm performance: An anecdote from Indian Corporate Sector." *Asian Journal of Finance and Accounting*, 7, 1(2015). Doi: <https://doi.org/10.5296/ajfa.v7i1.6070>.
118. Hassan Rohail, & Marimuthu Maran. "Corporate Governance, Board Diversity and Firm value: Examining Large Companies using panel data approach." *Economics Bulletin*, 36, 3(2016), 1737-1750.

119. Wagana, M. Duncan & Nzulwa D. Joyce. "Corporate Governance, Board Gender Diversity and Corporate Performance: A critical review of literature." *European Scientific Journal*, 12,7(2016). Doi: <https://doi.org/10.19044/esj.2016.v12n7p221>
120. Lee Seoki, Kang H. Kyung & Singal Manisha. "The Corporate Social Responsibility – financial Performance link in the U.S. Restaurant industry: Do economic conditions matters?" *International Journal of Hospitality Management*, 32, 1(2013), 2-10.
121. Protasovs, Igors. "Board Diversity and Firm's financial performance: Evidence from South East Asia. 5th IBA Bachelor Thesis Conference, July 2nd 2015, Enschede, The Netherlands.
122. Valenko, K. "The impact of board composition on the firm's performance in continental Europe." 7th IBA Bachelor Thesis Conference, University of Twente, Netherlands.
123. Almadi, M. Madi. "The Impact of contextualizing board structure on firm financial performance in an emerging market." *Contemporary Management Issues*, 12, 4(2016). Doi: <https://doi.org/10.7903/cmr.15752>
124. Nkatha, Esther; Musyoki Danson & Shawa Ken. "Corporate Governance, Board Structure and Firm Value: A Review of Literature." *Journal of Business and Economic Policy*, 4, 4(2017), 72-79.
125. Aiwanehi, B. O. Abdul-Hameed, A. S., & Sunday A. A. "Corporate governance practices: A comparative study of selected public corporations in Nigeria." *Academic Journal of Economic Studies*, 4, 1(2018), 192 – 202.
126. Kobuthi, E., K'bonyo, P., & Ogutu, M. Corporate governance and performance of firms listed on the Nairobi securities exchange. *International Journal of Scientific Research and Management (IJSRM)*, 6,1(2018), 7-18.
127. Nimalathan, B., & Pratheepkanth, P. "Systematic Risk Management and Profitability: A Case Study of Selected Financial Institutions in Sri Lanka." *Global Journal of Management and Business Research*, 12,17(2012), 1-4.
128. Edward, K. Peter, K. & Martin, O. "Corporate governance and performance of firms listed on the Nairobi Securities Exchange." *International Journal of Scientific Research and Management*, 6,1(2018), 7 – 17.
129. Nuhu, M. & Hussani, S. M. "Empirical study of the relationship between board of director mechanisms and perceived performance of listed firms in Nigeria." *Journal of Accounting and Finance in Emerging Economies*, 3,2(2017), 159-178.
130. Hassan, Y. M., Naser, K., & Hijazi, R. H. "The influence of corporate governance on corporate performance: Evidence from Palestine." *Afro-Asian Journal of Finance and Accounting*, 6, 3(2016), 269–287.

131. Cosun, Metin & Sayilir, Ozlem. "Relationship between corporate governance and financial performance of Turkish Companies." *International Journal of Business and Social Science*, 3, 4(2012), 59-70.
132. Karunaratne, A. H. G. K. "The impact of the adoption of enterprise risk management on the industrial financial performance." *International Journal of Research in Business and Social Science*, 6, 6(2017), 9-20.
133. Berrone, P., Surroca, J., & Tribó, J. A. "Corporate ethical identity as a determinant of firm performance: A test of the mediating role of stakeholder satisfaction." *Journal of Business Ethics*, 76,1(2007), 35-53.
134. Ene, E. E., & Bello, A. I. E. "The effect of corporate governance on bank's financial performance in Nigeria." *Journal of Business and management*, 18,11(2016), 99-107.
135. Ahmed, I., & Norlida, A. M. "Influence of enterprise risk management success factors on firm financial and non-financial performance: A proposed model." *International Journal of Economics and Financial Issues*, 6,3(2016), 830-836.
136. Henry, Lydia, Shadrack., & Mbiti, P. "Effect of corporate governance on performance: A case of sugar manufacturing firms in western Kenya." *Unpublished dissertation*. (2014)10-13.
137. Aggarwal, P. "Impact of corporate governance on corporate financial performance." *IOSR Journal of Business and Management*, 13,3(2013), 01-05.
138. Ebere, Chukwuma C., Ibanichuka, E. A. & Ogbonna, G. N. "Corporate Governance system and financial performance of Quoted Insurance Companies in Nigeria." *International Journal of Business & Law Research*, 4,4(2016),34-41.
139. Fazli, A., Mohd, Z. M., & Fauzi, Z. "Impact of corporate governance on related party transactions in family-owned firms in Pakistan." *Institutions and Economics Journal*, 10,2(2018), 22-61.
140. Obasan, K. A., Shibayo, P. B., & Amaghionyeodiwe, A. L. "Ownership structure and the performance of small and medium enterprises in Nigeria." *Journal of Small Business and Entrepreneurship Development*, 4,1(2019), 11-21.
141. Bhattarai, H., Abhi, S., & Premalatha, U. M. "Effect of corporate governance on financial performance of bank in Nepal." *International Journal of Multidisciplinary Research*, 7,3(2017), 97-110.
142. Olalekan, Isiaka L., Mustapha Lateef, O., Irom, Marvis I., & Bulus N. Emily. "Corporate board size, risk management and financial performance of listed deposit money banks in Nigeria." *European Journal of Accounting, Auditing and Finance Research*, 6,1(2018), 1-20.
143. Elmagrhi, Mohamed H., Ntim, Collins G., Richard Crossley, & Malagila, John. "Corporate Governance and dividend pay-out policy in UK listed SMEs: The effects of

corporate board characteristics.” *International Journal of Accounting and Information Management*, 1-35.

144. Farzan, Yahya & Zahiruddin Ghazali. “Effectiveness of Board Governance and Dividend policy as alignment mechanisms to firm performance and CEO Compensation.” *Cogent Business and Management*, 4,1(2017), 13-36.
145. Quaresma Ana, Pereira Renato, & Alvaro Dias. “Corporate Governance Practices in listed banks: Impact on Risk Management and resulting financial performance.” *Journal of Business and Economics*, 5, 8(2014), 1250-1261.
146. Kim, P. K., & Rasiah, D. “Relationship between corporate governance and bank performance in Malaysia during the Pre and Post Asian financial crisis.” *European Journal of Economics, Finance and Administrative Sciences*, 6,3(2010), 46-68.
147. Ahmed, El-Masry A., Tarek Mohamed H., & Ehab Elbahar. “Corporate Governance and Risk Management in GCC Banks.” *Journal of Corporate Ownership and Control*, 13,3(2016), 8-16.
148. Azila-Gbettor Edem, Honyenuga Ben, Marta Berent-Braun & Kil Ad. “Structural aspects of corporate governance and family firm performance: A systematic review.” *Journal of Family Business Management*, 8, 10(2018). doi: <https://doi.org/10.1108/JFBM-12-2017-0045>
149. Malik, M. S., & Makhdoom, D. D. “Does corporate governance beget firm performance in Fortune Global 500 companies?” *Corporate Governance*, 16, 4(2016), 747-764. <https://doi.org/10.1108/CG-12-2015-0156>
150. Funchal Bruno, & Jedson Pinto. “Corporate events’ performance and corporate governance: the Brazilian Evidence.” *Journal of Business in Society*, 18, 2(2018), 32-60.
151. Almutairi Ali, R. & Quttainah, Majdi A. “Corporate Governance: Evidence from Islamic Banks.” *Journal of Social Responsibility*, 13, 3(2017), 39-54.
152. Walsh, P. James, & Seward, James K. “On the efficiency of internal and external corporate control mechanisms.” *Academy of Management Review*, 15, 3(1990), doi: <https://doi.org/10.5465/amr.1990.4308826>
153. Kowalewski Oskar. “Corporate governance and corporate performance: financial crisis.” *Management Research Review*, Emerald Group Publishing, 39,11 (2016), 1494-1515.
154. Gupta, P., & Sharma, A. M. “A study of the impact of corporate governance practices on firm performance in Indian and South Korean Companies.” *Procedia--Social and Behavioral Sciences*, 133, (2014), 4–11.
155. Apu Mania, Tarak Nath Sahu & Arindam Gupta. “Impact of ownership structure and board composition on corporate performance in Indian Companies.” *Indian Journal of Corporate Governance*, 5, 3 (2016).

156. Grace, K. "Corporate Governance and Performance of financial institutions in Kenya." *Academy of Strategic Management*, 17, 1(2018), 22-48.
157. Rao, K. S. & Kidane K. Desta. "Corporate Governance and Financial Performance: A study with reference to Commercial Banks in Ethiopia." *International Journal of Applied Research*, 2,8(2016), 551-557.
158. Selvarajah Krishnan & Adib Mulyani Mohd Amin. "Empirical Study of Corporate Governance on Public Listed Companies in Malaysia." *Human Resource Management Research*, 7, 1(2017), 17-27.
159. George T. Peters, & Karibo B. Bagshaw. "Corporate Governance Mechanisms and Financial Performance of Listed Firms in Nigeria: A Content Analysis." *Global Journal of Contemporary Research in Accounting, Auditing and Business Ethics (GJCRA)*, 1, 2(2014), 103-128.
160. Otieno Kennedy, Mugo Robert, Njeje Doreen, & Anthony Kimathi. "Effect of Corporate Governance on Financial Performance of SACCOS in Kenya." *Journal of Finance and Accounting*, 6,2(2015), 175-199.
161. Fauzi Fitriya & Stuart M. Locke. "Board Structure, ownership structure and firm performance: A study of New Zealand listed firms." *Asian Academy of Management Journal of Accounting and Finance*, 8,2(2012), 43-67.
162. Sarbah Alfred & Wen Xiao. "Good Corporate Governance Structures: A must for family businesses." *Open Journal of Business and Management*, 3, 3(2015), 40-57.
163. Mnsari Khadija. "Ownership structure, board structure and performance in the Tunisian Banking Industry." *Asian Academy of Management Journal of Accounting and Finance*, 11, 2(2015), 57-82.
164. Akeem, Lawal Babatunde, Terer, K. Edwin, Temitope, Odelabu Adedire & Oluwaremi Feyitimi. "Measuring impact of corporate governance on the performance of the Nigerian Insurance Company." *International Journal of Economics, Commerce and Management*, 2,11, (2014), 1-17.
165. Alsoboa, Sliman S. "Exploring the constructed corporate governance index's effect on the firm performance and firm value: An empirical study on service and industrial companies listed in Amman Stock Exchange." *European Scientific Journal*, 12, 31(2016), doi: <https://doi.org/10.19044/esj.201.v12n31p330>
166. Salihu Ibrahim A., Normala Siti, & Annuar Azlan H. "Government Ownership and Corporate Tax Avoidance: Empirical Evidence from Malaysia." Conference: Proceedings Book of ICETSR, Malaysia Handbook on the Emerging trends in Scientific Research, (2014).
167. Michael John Jones. "Internal control, accountability and corporate governance: Medieval and modern Britain compared." *Accounting Auditing & Accountability Journal*, 21, 4(2008), 1052-1075.

168. Pandey, S. C., & Verma, P. "WorldCom Inc." *Vikalpa*, 29,4(2004), 113-126.
169. Olumbe, O. Cyprus. "The relationship between internal controls and corporate governance in commercial banks in Kenya." A Research project submitted in partial fulfilment of the requirement for the degree of Master of Business Administration of University of Nairobi, (2012).
170. Ofuani, A. B., Sulaimom, A. A., & Adebisi, S. A. "Corporate governance practices: a comparative study of selected public corporations in Nigeria." *Academic Journal of Economics Studies*, 4,1(2018), 192-202.
171. Malesi Nicholas & Njeru Winnie. "The Corporate Governance practices and performance of commercial banks listed at the Nairobi Securities Exchange, Kenya." *International Journal of Business Management and Processes*, 1, 1(2017), 1-18.
172. Sharma Sonia. "Impact of Board structure and board activity of Corporate Performance: A study of Indian companies." *International Journal of Business and Management*, 5,10(2013), 155-166.
173. Nugroho, Y.A., Firdaus, P., Dewiana, N., Masduki, A., & Agus, P. "Developing Innovation Capability: Between Individual and Organizational Factors." **International Journal of Social and Management Studies**, 1, no. 1, 2020: 74-88.
174. Al-kalouti, J., Vikas, K., Niraj, K., Jose A. Garza, R., Arvind, U., & Jeremy B. Zwiegelhaar. "Investigating Innovation Capability and Organizational Performance in Service Firms." *Strategic Change* 29, no. 1, 2020: 103-113.
175. Mendoza-Silva, A. "Innovation Capability: A Sociometric Approach." *Social Networks* 64, 2021: 72-82.
176. Rampa, R., & Marine, A. "Developing Radical Innovation Capabilities: Exploring the Effects of Training Employees for Creativity and Innovation." *Creativity and Innovation Management* 30, no. 1, 2021: 211-227.
177. Iranmanesh, M., Kavightha, Mohan K., Behzad F., Reza Kian M., & Ng Hui M. "The Impacts of Organizational Structure on Operational Performance through Innovation Capability: Innovative Culture as Moderator." *Review of Managerial Science* 15, no. 7, 2021: 1885-1911.
178. Riswanto, A. *Competitive Intensity, Innovation Capability and Dynamic Marketing Capabilities*. *Research Horizon* 1, no. 1, 2021: 7-15.
179. AlNuaimi, Bader K., Sanjay, K.S., & Brian, H. *Unpacking the Role of Innovation Capability: Exploring the Impact of Leadership Style on Green Procurement via a Natural Resource-Based Perspective.* **Journal Business Research** 134, 2021: 78-88.
180. Teguh, S., Prabowo, H., Bramulya, Ikhsan R., Simamora H. Bachtiar, Atas S.S., & Hazlina, A.N. "Innovation Capability and Sustainable Competitive Advantage: An

Entrepreneurial Marketing Perspective." **The Journal of Asian Finance, Economics and Business** 8, no. 5, 2021: 127-134.

181. Purwati, A., Budiyanto, Suhermin, Suhermin B., & Hamzah, M. "*The Effect of Innovation Capability on Business Performance: The Role of Social Capital and Entrepreneurial Leadership on SMEs in Indonesia.*" *Accounting* 7, no. 2, 2021: 323-330.
182. Mazzucchelli, A., Roberto, C., Debora, T., & Stefano, F. "Innovation Capability in Geographically Dispersed R&D Teams: The Role of Social Capital and IT Support." **Journal of Business Research** 128, 2021: 742-751.
183. Edeh, F.O., Nurul, M.Z., Vitalii, N., Brezhnieva-Yermolenko, O., Julia, N., & Maryna, S. "Predicting Innovation Capability through Knowledge Management in the Banking Sector." **Journal of Risk and Financial Management** 15, no. 7, 2022: 312-326.
184. Lopez-Vega, H., & Nicolette, L. "*Tapping into Emerging Markets: EMNEs' Strategies for Innovation Capability Building.*" **Global Strategy Journal** 12, no. 2, 2022: 394-417.

Do Not Copy, Lead City University, Nigeria

Chapter Three

Methodology

This chapter classifies the research strategies to be adopted to examine the objectives stated, research questions raised, and test hypotheses formulated in this study. The methods to be employed will follow: the research design for this study, the study population, computation of sample size, sampling technique adopted, methods employed to collect data, research instrument, validity and reliability of the research instrument and method of data analysis.

3.1 Research Design

A cross-sectional survey research design will be employed in this study to evaluate the effect of corporate governance and innovation capability on performance of selected deposit money banks in Lagos State, Nigeria. The cross-sectional survey design enables researchers to collect data from respondents at a point in time to establish the aim of their study. More so, it is less cumbersome than a longitudinal survey design and several scholars have found it appropriate for studies of similar nature^{1,2}.

3.2 Population of the Study

The population of this study is one thousand, two hundred and twenty-eight (1,228) employees of selected deposit money banks (Zenith Bank, Guaranty Trust Bank, First

Bank of Nigeria, United Bank of Africa, Access Bank, 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 banks selected cut across all the categories of the deposit money banks (first tier bank, second tier and third tier) in Nigeria and this suggests a fairly representation of the industry, more so, the selected banks account for more than 80% of market share of the industry in Nigeria³.

Table 3.1: Population of the Selected Banks

S/N	Money Deposit Banks	Management Staff Strength
1	Zenith Bank Plc	241
2	Guaranty Trust Bank Plc	202
3	Access Bank Plc	95
4	United Bank of Africa Plc	211
5	First Bank Plc	125
6	Fidelity Bank Plc	103
7	First City Monument Bank Plc	97
8	Wema Bank Plc	83
9	Polaris Bank Ltd	71
	TOTAL	1228

Source: Central Bank of Nigeria Publication, (2023)

3.3 Sample and Sampling Techniques

The sample size was computed using the sample size determination table provided by ⁴. At a 95% confidence level, 0.5% margin of error, and the population of 1228, the appropriate sample size on the table is 306 (see table below). Hence, 306 copies of questionnaire will be administered to the selected bank executives and senior management staff.

Table3:2: Sample Size Table

Population Size	Confidence = 95%				Confidence = 99%			
	Margin of Error				Margin of Error			
	5.0%	3.5%	2.5%	1.0%	5.0%	3.5%	2.5%	1.0%
10	10	10	10	10	10	10	10	10
20	19	20	20	20	19	20	20	20
30	28	29	29	30	29	29	30	30
50	44	47	48	50	47	48	49	50
75	63	69	72	74	67	71	73	75
100	80	89	94	99	87	93	96	99
150	108	126	137	148	122	135	142	149
200	132	160	177	196	154	174	186	198
250	152	190	215	244	182	211	229	246
300	169	217	251	291	207	246	270	295
400	196	265	318	384	250	309	348	391
500	217	306	377	475	285	365	421	485
600	234	340	432	565	315	416	490	579
700	248	370	481	653	341	462	554	672
800	260	396	526	739	363	503	615	763
1,000	278	440	606	906	399	575	727	943
1,200	291	474	674	1067	427	636	827	1119
1,500	306	515	759	1297	460	712	959	1376
2,000	322	563	869	1655	498	808	1141	1785
2,500	333	597	952	1984	524	879	1288	2173
3,500	346	641	1068	2565	558	977	1510	2890
5,000	357	678	1176	3288	586	1066	1734	3842
7,500	365	710	1275	4211	610	1147	1960	5165
10,000	370	727	1332	4899	622	1193	2098	6239
25,000	378	760	1448	6939	646	1285	2399	9972
50,000	381	772	1491	8056	655	1318	2520	12455
75,000	382	776	1506	8514	658	1330	2563	13583
100,000	383	778	1513	8762	659	1336	2585	14227
250,000	384	782	1527	9248	662	1347	2626	15555
500,000	384	783	1532	9423	663	1350	2640	16055
1,000,000	384	783	1534	9512	663	1352	2647	16317
2,500,000	384	784	1536	9567	663	1353	2651	16478
10,000,000	384	784	1536	9594	663	1354	2653	16560
100,000,000	384	784	1537	9603	663	1354	2654	16584
300,000,000	384	784	1537	9603	663	1354	2654	16586

[†] Copyright. The Research Advisors (2006). All rights reserved.

The study will adopt stratified sampling which is an example of probability sampling technique to select the sample from the population. First, the sample size was

proportioned to know the exact number to draw from each bank based on their population. This is 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 will be 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	Banks	Proportion	Executive	Senior
/		ate sample	Manageme	Manageme
N		size	nt	nt
1	Zenith Bank Plc	60	20	40
2	Guaranty Trust Bank Plc	50	16	34
3	Fidelity Bank Plc	26	9	17

4	First City Monument Bank Plc	24	8	16
5	United Bank of Africa Plc	52	17	35
6	Access Bank Plc	24	8	16
7	First Bank Plc	31	10	21
8	Wema Bank Plc	21	7	14
9	Polaris Bank Plc	38	13	25

Source: Central Bank of Nigeria Publication, (2023)

3.4 Description of the Research Instruments

The study will employ the questionnaire as the instrument of data collection. The questionnaire is adapted from existing literature. 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 prior studies⁶. The questionnaire sources have been collected from extant literatures as ^{6,7,8}. 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.

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, innovation capability, and organisational performance. Furthermore, a six-point Likert-type scale will be used for the questionnaire items in line with ⁸; with response options ranging from: very high extent (6) to very low extent (1). 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 Validity of the Research Instrument

To validate the research instrument a pilot study was conducted to spot research errors, anomalies as well as to ensure consistency, relevance and proper understanding of the research instrument. It was targeted at 10% of respondents who corresponded to the study sample as recommended by ⁹. Hence, the pilot study was carried out on selected executive and senior management staff of Keystone 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 fallout from the pilot study included, too many question items, lengthen questions 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.

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 3.4 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.

Do Not Copy, Lead City University, Nigeria

Table 3:4 Construct Validity

Variables	KMO	Bartlett Test	AVE	No of Items	Composite Reliability
Corporate governance	0.627	0.000	0.753	15	0.873
Innovation capability	0.628	0.038	0.761	15	0.856
Firm performance	0.659	0.000	0.812	16	0.943

Source: Researcher's Computation (2023)

From Table 3.4, 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 0.05⁹. The analysis of validity of the instruments showed a high level of significance at 0.000, which is less than 0.05.

3.6 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 0.7. 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 0.7. The results are as reflected in Table 3.5

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

Variables	Cronbach's Alpha Co-efficient	No of Items	Remark
Corporate governance	0.729	15	Reliable
Innovation capability	0.873	15	Reliable
Firm performance	0.814	16	Reliable

Source: Researcher's Computation (2023)

3.7 Method of Data Collection

Primary data collection sources will be 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' better¹⁰. The primary data will be collected using a well-structured questionnaire adapted from existing literature. A letter of introduction will be gotten 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 facilitates the questionnaire administration and retrieval within reasonable time.

The questionnaire will be administered to 306 Executives and senior managers from the selected banks at the business premise in Lagos State. The copies of questionnaire will be 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. Respondents will be met in their offices, they will be briefed about the study and the questionnaire will be administered afterward.

3.8 Methods of Data Analyses

Descriptive and inferential statistics will be used to analyse the data collected. The rationale for using descriptive and inferential statistics is to enable the study to come up with empirical position about the issues under investigation. Descriptive statistics will be used to analyse all the variables in the study and to provide answers to the research question. It will be presented in terms of percentages, and mean. On the other hand, the inferential statistics will be used to analyse the hypotheses of the study using multiple regression for hypothesis one, two, and three. The multiple regression analytical tool is preferred because they allow for two or more independent variables to be measured against one dependent variable. The analysis was conducted on the Statistical Product for Science Solutions (SPSS) version 25 and the threshold of 0.05 level of significant was the basis for the acceptance or the rejection of the null hypotheses tested. This broad statistical technique to be used for the inferential statistic is Ordinary Least Square.

Endnotes

1. Obasan, K. A., Shibayo, P. B., & Amaghionyeodiwe, A. L. "Ownership structure and the performance of small and medium enterprises in Nigeria." *Journal of Small Business and Entrepreneurship Development*, 4,1(2019), 11-21.
2. Olalekan, Isiaka L., Mustapha Lateef, O., Irom, Marvis I., & Bulus N. Emily. "Corporate board size, risk management and financial performance of listed deposit money banks in Nigeria." *European Journal of Accounting, Auditing and Finance Research*, 6,1(2018), 1-20.
3. Farzan, Yahya & Zahiruddin Ghazali. "Effectiveness of Board Governance and Dividend policy as alignment mechanisms to firm performance and CEO Compensation." *Cogent Business and Management*, 4,1(2017), 13-36.
4. Krejcie, R. V., & Morgan, D. W. "Determining sample size for research activities". *Educational and Psychological Measurement* 30, 3(1970), 607-610.
5. Ahmed, El-Masry A., Tarek Mohamed H., & Ehab Elbahar. "Corporate Governance and Risk Management in GCC Banks." *Journal of Corporate Ownership and Control*, 13,3(2016), 8-16.
6. Malik, M. S., & Makhdoom, D. D. "Does corporate governance beget firm performance in Fortune Global 500 companies?" *Corporate Governance*, 16, 4(2016), 747-764. <https://doi.org/10.1108/CG-12-2015-0156>
7. Funchal Bruno, & Jedson Pinto. "Corporate events' performance and corporate governance: the Brazilian Evidence." *Journal of Business in Society*, 18, 2(2018), 32-60.
8. Almutairi Ali, R. & Quttainah, Majdi A. "Corporate Governance: Evidence from IslamicBanks." *Journal of Social Responsibility*, 13, 3(2017), 39-54.
9. Grace, K. "Corporate Governance and Performance of financial institutions in Kenya." *Academy of Strategic Management*, 17, 1(2018), 22-48.
10. Akeem, Lawal Babatunde, Terer, K. Edwin, Temitope, Odelabu Adedire & Oluwaremi Feyitimi. "Measuring impact of corporate governance on the performance of the Nigerian Insurance Company." *International Journal of Economics, Commerce and Management*, 2, 11(2014), 1-17.

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 24.0). The chapter ends with the discussion of findings.

4.1 Demographic Data Analysis

A total of three hundred and six (306) copies of questionnaire were administered, and two hundred and ninety-one (21) copies were returned. After sorting the questionnaires 244 copies were certified as duly filled and considered usable while 47 questionnaires are not properly filled hence unused. The useable questionnaire represented 79.1% 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	79.9%
Questionnaire not used	62	20.1%
No of distributed Questionnaire	306	100%

Source: Field Survey Data (2023)

Table 4.2: Demographic Characteristics of Respondents

Variables	Category	Frequen cy	Percenta ge
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 management	101	41.4%
	Lower Management	92	37.7%

Source: Field Survey Results (2023)

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 Data (2023)

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	31.1%	55.7%	9.0%	1.6%	0.4%	0.4%	5.08

Unethical practice								
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 Data (2023)

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 Data (2023)

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 4.3 Descriptive Analysis of Responses on Innovation Capability

Product Innovation:	Level of Agreement (n=244)						Mean
	VH E	HE	MH E	ML E	LE	VL E	
Provide clients with services that offer unique benefits superior to those of competitors	17.5 %	79.3 %	0.0 %	0.0 %	3.2 %	0.0 %	3.14
Actively carries out its work on developing existing new products.	54.8 %	37.9 %	0.0 %	0.0 %	7.3 %	0.0 %	3.48
Enhance the range of our products released annually	21.8 %	75.0 %	0.0 %	0.0 %	3.2 %	0.0 %	3.19
Deliver new products that are technological ly driven	29.0 %	66.7 %	0.0 %	0.0 %	4.3 %	0.0 %	3.25
See new	39.0	54.6	0.0	0.0	6.5	0.0	3.33

product development as a critical success factor	%	%	%	%	%	%	
Grand mean for Product Innovation			0.0 %	0.0 %			3.28
Process Innovation:							
Reduce the developing time of new products	34.4 %	60.5 %	0.0 %	0.0 %	5.1 %	0.0 %	3.29
Actively adjust its business processes	23.1 %	74.7 %	0.0 %	0.0 %	2.2 %	0.0 %	3.21
Develop an in-house solution to improve business services	36.8 %	58.9 %	0.0 %	0.0 %	4.3 %	0.0 %	3.33
flexible in offering product according to market demand	7.5%	89.2 %	0.0 %	0.0 %	3.2 %	0.0 %	3.04
Use creative	38.4	55.1	0.0	0.0	6.5	0.0	3.32

means to deliver products to our customers	%	%	%	%	%	%	
Grand Mean for Process Innovation			0.0 %	0.0 %			3.24
Organizational Innovation:							
Adopts innovative work designs	26.3 %	69.4 %	0.0 %	0.0 %	4.3 %	0.0 %	3.22
Use technology to drive organizational process	23.1 %	71.8 %	0.0 %	0.0 %	5.1 %	0.0 %	3.18
Perform better than our competitors in the manner of developing new managerial works	28.2 %	70.7 %	0.0 %	0.0 %	1.1 %	0.0 %	3.27
Successfully commercialize new	38.7 %	57.3 %	0.0 %	0.0 %	4.0 %	0.0 %	3.35

management processing							
Constantly train staff on new management processes	33.1 %	64.0 %	0.0 %	0.0 %	3.0 %	0.0 %	3.30
Grand Mean for Organizational Innovation			0.0 %	0.0 %			3.26 4
Grand mean for Market Innovation							3.32 4

Decision rule 1.00 – 1.49= strongly disagree, 1.50 – 2.49= disagree, 2.50 – 3.49 = agree, 3.50-4.00= strongly agree.

Note: SA-Strongly Agree, A-Agree, D-Disagree, SD-Strongly Disagree

Source: Field Survey Results (2023)

According to results in Table 4.3, 17.5% of the respondents strongly agree that provide clients with services that offer unique benefits superior to those of competitors, 79.3% agree and 3.2% disagree. On the average, the respondents indicated that provide clients with services that offer unique benefits superior to those of competitors has a mean of 3.14. Results also showed that 54.8% of the respondents strongly agree that actively carries out its work on developing existing new products, 37.9% agree and 7.3% disagree, On the average, the respondents indicated that actively carries out its work on developing existing new products has a mean of 3.48.

Results also showed that 21.8% of the respondents strongly agree that enhance the range of our products released annually, 75.0% agree and 3.2% disagree. On the average, the respondents indicated that enhance the range of our products released annually has a mean of 3.19. Results also showed that 29.0% of the respondents strongly agree that deliver new products that are technologically driven, 66.7% agree and 4.3% disagree. On the average, the respondents indicated that deliver new products that are technologically driven has a mean of 3.25. Results also showed that 39.0% of the respondents strongly agree that see new product development as a critical success factor, 54.6% agree and 6.5% disagree. On the average, the respondents indicated that see new product development as a critical success factor has a mean of 3.33 and Product Innovation has a grand mean of 3.28.

Results in Table 4.3, 34.4% of the respondents strongly agree that reduce the developing time of new products, 60.5% agree and 5.1% disagree. On the average, the respondents indicated that reduce the developing time of new products has a mean of 3.29. Results also showed that 23.1% of the respondents strongly agree that actively adjust its business processes, 74.7% agree and 2.2% disagree. On the average, the respondents indicated that actively adjust its business processes has a mean of 3.21.

Results showed that 36.8% of the respondents strongly agree that develop an in-house solution to improve business services, 58.9% agree and 4.3% disagree. On the average, the respondents indicated that develop an in-house solution to improve business services has a mean of 3.33. Results showed that 7.5% of the respondents strongly agree that flexible in offering product according to market demand, 89.2% agree and 3.2% disagree. On the average, the respondents indicated that flexible in offering product according to market demand has a mean of 3.04. Results also showed that 38.4% of the respondents strongly agree that use creative means to deliver products to our customers, 55.1% agree and 6.5% disagree. On the average, the respondents indicated that use creative means to deliver products to our customers has a mean of 3.32 and Process Innovation has grand mean of 3.24.

Results in Table 4.3, 26.3% of the respondents stated strongly agree that adopts innovative work design, 69.4% agree and 4.3% disagree. On the average, the respondents stated that adopts innovative work design has a mean of 3.22. Results also stated that 23.1% of the respondents strongly agree that use technology to drive organizational process, 71.8% agree and 5.1% disagree. On the average, the respondents stated that use technology to drive organizational process has a mean of 3.18. Results also stated that 28.2% of the respondents strongly agree that perform better than our competitors in the manner of developing new managerial works, 70.7% agree and 1.1%

disagree. On the average, the respondents stated that perform better than our competitors in the manner of developing new managerial works has a mean of 3.27. Results also stated that 38.7% of the respondents strongly agree that successfully commercialize new management processing 57.3% agree and 4.0% disagree. On the average, the respondents stated that successfully commercialize new management processing has a mean of 3.35. Results also stated that 33.1% of the respondents strongly agree that constantly train staff on new management processes, 64.0% agree and 3.0% disagree. On the average, the respondents stated that constantly train staff on new management processes has a mean of 3.30 and Organizational Innovation has grand mean of 3.264.

Results in Table 4.3, 19.1% stated strongly agree that my business make changes in its product appearance to sooth market preference, 79.0% agree and 1.9% disagree. On the average, the respondents stated that my business make changes in its product appearance to sooth market preference has a mean of 3.17. Results also stated that 43.3% of the respondents strongly agree that my business constantly looks for new ways to deliver our products to customer in a unique way, 53.5% agree and 3.2% disagree. On the average, the respondents stated that my business constantly looks for new ways to deliver our products to our customer in unique way has a mean of 3.40.

Results also stated that 33.3% of the respondents strongly agree that my business implements new marketing methods to promote our products performance, 59.4% agree and 7.3% disagree. On the average, the respondents stated that my business implements new marketing methods to promote our products performance has a mean of 3.26. Results also stated that 28.5% of the respondents strongly agree that my business makes improvements in the manner obtain customer satisfaction, 70.45 agree and 1.1% strongly disagree. On the average, the respondents stated that my business makes

improvements in the manner obtain customer satisfaction has a mean of 3.26. Results also stated that 56.2% of the respondents strongly agree that my business offers opportunity for acquiring customer idea, 41.9% agree, 0.8% disagree and 1.1% strongly disagree. On the average, the respondents stated that my business offers opportunity for acquiring customer idea has a mean of 3.53 and Market Innovation has a grand mean of 3.324.

Table 4.7: 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

Source: Field Survey Data (2023)

Table 4.7, 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,

Do Not Copy, Lead City University, Nigeria

Do Not Copy, Lead City University, Nigeria

Do Not Copy, Lead City University, Nigeria

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 4.8: Descriptive Analysis of Responses on Firm Growth

Firm Growth	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 Data (2023)

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 4.18: Descriptive Analysis of Responses on Customer Satisfaction

Customer Satisfaction	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 (2022)

According to results in Table 4.7. 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.

4.2.2 Hypothesis Testing

Restatement of Hypothesis One

H₀1: Corporate governance dimensions have no significant effect on financial 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 financial performance 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 financial performance (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 financial performance of selected deposit money banks in Lagos State

Model	Beta	t	Sig.	R	R ²	Adj. R ²	Anova Sig	F(df)
(Constant) ¹	3.935	12.598	.000	.205 ^a	.042	.030	0.016	3.509(3,240)
Ethical Practice	-.021	-.191	.849					
Risk Management	.174	1.969	.049					
Transparency	.009	.091	.928					

a. Predictors: (Constant), Corporate Governance

b. Dependent Variable: Financial performance

Source: Researcher's Field Survey Results (2023)

Table 4.9 presents the results of multiple regression analysis for the effect of corporate governance on financial 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 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 positive but weak statistically significant relationship with financial performance of DMBs (R = 0.205, p<0.05).

The Adjusted coefficient of determination ($Adj. R^2$) of 0.030 shows that corporate governance dimensions explained 3% of the variation in financial performance of DMBs under study while the remaining 97% variation in financial performance is explained by other exogenous variable different from corporate governance dimensions examined. This result suggests that corporate governance dimensions influence 3% of financial performance 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 financial performance of DMBS in Lagos State, Nigeria. This can be explained by the F-value (3.509) 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 financial performance.

Furthermore, the results of regression coefficients which revealed that a positive significant relative effect was reported for risk management while ethical practice and transparency shows insignificant relative effect. Further, the results reveal that at 95% confidence level, risk management ($\beta = 0.174$, $p = 0.049$) 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 0.174 increase in financial performance 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 financial performance of DMBs in Lagos State, Nigeria. On the strength of this result ($Adj R^2 =$

0.030, $F(3,240)3.509$, $p= 0.016$), this study rejects the null hypothesis two (H_01) which states that corporate

governance have no significant effects on financial performance of DMBs in Lagos State, Nigeria.

Restatement of Hypothesis Two

H_02 : Innovation capability have no significant effect on financial performance of selected deposit money banks in Lagos State, Nigeria.

In order to test null hypothesis two, simple linear regression analysis was used. In the analysis, the values of innovation capability were regressed on the values of financial performance. The data for innovation capability (independent variable) was generated by summing responses of all items used to measure it while that of financial performance (dependent) was generated by adding responses of all items used to measure the variable. The regression test results are presented in Tables 4.10.

Table 4.10: Summary of regression analysis for the effect of innovation capability on financial performance of selected deposit money banks in Lagos State

Model	Beta	t	Sig.	R	R ²	Adj. R ²	Anova Sig	F(df)
(Constant) ¹	2.981	7.790	.000	.287 ^a	.082	.079	0.000	21.734 (1,242)
Product innovation	.213	2.620	.000					

Process innovation	.198	4.196	.000					
Management innovation	.344	4.662	.000					

a. Predictors: (Constant), Innovation capability

b. Dependent Variable: Financial performance

Source: Researcher's Field Survey Results (2023)

Table 4.10 presents the results of simple linear regression analysis for the effect of innovation capability on financial performance of DMBS in Lagos State, Nigeria. Table 4.10 presents a model summary which establishes how the model equation fits into the data. The R^2 was used to establish the predictive power of the study's model. From the results, innovation capability has positive but weak statistically significant relationship with financial performance of DMBS ($R = 0.287$, $p < 0.05$). The coefficient of determination (R^2) of 0.082 shows that innovation capability explained 8.2% of the variation in financial performance of DMBS under study while the remaining 91.8% variation in financial performance is explained by other exogenous variable different from innovation capability examined. This result suggests that innovation capability influence 8.2% of financial performance of DMBS in Lagos State, Nigeria. Table 4.10 presents the results of ANOVA (overall model significance) of regression test which revealed that innovation capability has a significant effect on financial performance of DMBS in Lagos State, Nigeria. This can be explained by the F-value (21.734) and low p-value (0.000) which is statistically significant at 95% confidence interval. Hence, the result posited that innovation capability adopted by DMBS in Lagos State influenced their financial performance.

Furthermore, the results of regression coefficients revealed management innovation had a beta (β) value of 0.344 which suggest that a unit change in management innovation will lead to a 0.344 increase in financial performance for DMBs given that all other factors are held constant. Also, the results of regression coefficients revealed product innovation had a beta (β) value of 0.213 which suggest that a unit change in product innovation will lead to a 0.213 increase in financial performance for DMBs given that all other factors are held constant. Lastly, the results of regression coefficients revealed process innovation had a beta (β) value of 0.198 which suggest that a unit change in process innovation will lead to

a 0.198 increase in financial performance for DMBs given that all other factors are held constant. In all, management innovation has the highest relative influence on financial performance of DMBs in Lagos State, followed by product innovation capability and the least is process innovation capability. Based on these results, this study can conclude that innovation capability significantly influences the financial performance of DMBs in Lagos State, Nigeria. On the strength of this result ($R^2= 0.082$, $F(1,242)21.734$, $p= 0.000$), this study rejects the null hypothesis two (H_02) which states that innovation capability have no significant effects on financial performance of DMBs in Lagos State, Nigeria.

Restatement of Hypothesis Three

H_03 : Corporate governance and innovation capability have no joint significant effect on 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 performance were regressed on the values of each of the values of corporate governance and innovation capability. The data for corporate governance (independent variable) was generated by summing responses of all items for ethical practice, risk management, and transparency, innovation capability (independent variable) items for

product, process and management innovation was summed up and that of financial performance (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 and innovation capability on performance of selected deposit money banks in Lagos State

Model	Beta	t	Sig.	R	R ²	Adj. R ²	Anova Sig	F(df)
(Constant) ¹	2.769	6.992	.000	.313 ^a	.098	.090	.000 ^b	2,241(13.066)
Corporate Governance	.098	1.981	.045					
Innovation capability	.291	4.258	.000					

a. Predictors: (Constant), Corporate Governance, Innovation capability

b. Dependent Variable: Performance

Source: Researcher's Field Survey Results (2021)

Table 4.11 presents the results of multiple regression analysis for the effect of corporate governance and innovation capability on performance 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. R² was used to establish the predictive power of the study's model. From the results, corporate governance and innovation capability

have positive but weak statistically significant relationship with the performance of DMBs ($R = 0.313$, $p < 0.05$). The Adjusted coefficient of determination (Adj. R^2) of 0.090 shows that corporate governance and innovation capability explained 9% of the variation in performance of DMBs under study while the remaining 91% variation in performance is explained by other exogenous variable different from those examined in this study. This result suggests that corporate governance and innovation capability influence 9% of performance of DMBs in Lagos State, Nigeria. Table 4.11 presents the results of ANOVA (overall model

Do Not Copy, Lead City University, Nigeria

significance) of regression test which revealed that the combined corporate governance and innovation capability have a significant effect on performance of DMBS in Lagos State, Nigeria. This can be explained by the F-value (13.066) and low p-value (0.000) which is statistically significant at 95% confidence interval. Hence, the result posited that corporate governance and innovation capability adopted by DMBS in Lagos State influenced their performance.

Furthermore, the results of regression coefficients which revealed that a positive significant relative effect was reported for corporate governance and innovation capability. Further, the results reveal that at 95% confidence level, corporate governance ($\beta = 0.098$, $p = 0.045$) 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. Likewise, the results reveal that at 95% confidence level, innovation capability ($\beta = 0.291$, $p = 0.000$) 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 corporate governance will lead to a 0.098 increase in performance for DMBS given that all other factors are held constant. Also, the result indicates that taking all other independent variables at zero, a unit change in innovation capability will lead to a 0.291 increase in performance for DMBS given that all other factors are held constant.

Overall, from the results, innovation capability had the highest relative effect on the performance of DMBS in Lagos State, Nigeria with a coefficient of 0.291 and t value of 2.791, followed by corporate governance coefficient of 0.098, and t value of 1.981. Based on these results, this study can conclude that corporate governance and innovation capability significantly influences the performance of DMBS in Lagos State, Nigeria. On the strength of this result ($Adj R^2 = 0.090$, $F (13.066) 2,241$, $p = 0.000$), this study rejects the null hypothesis three (H_03) which states that corporate governance and innovation

capability have no significant joint effects on performance of DMBs in Lagos State, Nigeria.

4.3 Discussion of Findings

The results of regression analysis for the effect of corporate governance and innovation capability on performance of DMBs in Lagos State, Nigeria revealed that corporate governance and innovation capability 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. In addition, innovation capability can help organisation offer improved products and services that enhance customer experience, customer satisfaction, increase patronage and the sustainability of customer lifetime value. The implication this narrative suggest that corporate governance and innovation capability are internal factors that can enhance the performance of organisation.

Empirically, the finding of the study found support in extant literature. For example, a study conducted to establish the relationship between innovation capabilities and corporate governance in commercial banks in Kenya, posited that most of the banks had incorporated the various parameters which 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. Grace⁵ examined corporate governance and performance of financial institutions

in Kenya. 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 Amin⁷equally revealed that there is positive relationship between corporate governance and firm performance.

This study found support in submission of extant literature on the potential outcome of firms that have ownership and can deploy innovation capability. For example, recent literature aimed at investigating the effect of Innovation capability and Firm performance among Nigeria Small and Medium Enterprises in all sectors. The findings revealed that innovation capability has significance positive relationship with firm performance. In addition, the findings also revealed that innovation capability is a significant SMEs success factor hence, stressing the importance of organizations innovation capability in rising the performance of SMEs. More so, the finding is in line with the assertion of a scholar who posited that innovation capability can influence firm performance. The necessary prerequisites for driving firm performance depends on well-designed, developed, and implemented innovations which play the important roles in bringing new ideas, improvement, reduction in cost of production and increase performance⁹⁷.

A scholar used data collected from 264 large and medium sized Croatian companies with more than 100 employees, to examine innovative capabilities, firm performance and foreign ownership. The results proved that companies with more developed innovative capabilities achieve higher performance levels, but that there is no difference in innovative capabilities between large and medium-sized companies. On the other hand,

medium-sized companies have slightly higher levels of sales growth and increase in market share. Also, companies in foreign ownership are better at development of new products and new production methods, and they have higher levels of sales growth, market share and increase in market share⁹⁸.

A scholar examined the relationships between different types of Innovation and firm Performance and the Mediating Effect of Radical and Incremental Innovations on these Relationships. Survey data was collected from 334 SME manufacturing companies in Kano state. The study found positive significant relationships between administrative innovation, process innovation & product innovation and firm performance (profitability, sales growth, market share, satisfaction and firm competitiveness). Abiodun's findings is consistent with prior researches⁹⁹. A scholar examined Effective sense-and-respond strategies: Mediating roles of exploratory and exploitative innovation among 150 firms in Vietnam Manufacturing & Service industries. The scholar opined that exploratory and exploitative innovations are salient modi-operandi through which the effects of technology-sensing and market-sensing capabilities affect firm financial performance. Examining the new product innovation-performance relationship: Optimizing the role of individual-level creativity and attention-to-detail focusing on 150 Indian manufacturing firms in Tech & Chemicals. Study revealed that individuals need to engage at high levels of creativity and attention-to-detail when seeking to impact the firms' pursuit of new product innovation as a contributor to financial performance¹⁰⁰.

A scholar, which focused on Influence of innovation capability and customer experience, collecting data form 606 customers of retail firms, discovered that both technical innovation capability and non-technical innovation capability modifies the effect of complex demographics on loyalty and reputation. Some scholars examined innovation

and business success: The mediating role of customer participation. The main purpose of this study is to advance the marketing literature by untangling the relationships among innovation capability, customer participation, service quality, and firm performance (Sales, market share & profitability). Results show that customer participation does not directly influence firm performance. This finding is in line with a theoretical contention that customer participation may result in opposite effects on speed to market¹⁰¹. Specifically, customer participation activities have no or even negative impact on firm performance because bringing customers into collaboration activities may reduce the efficiency and increase the timelines¹⁰².

Studied Synergy effects of innovation on firm performance among 856 firms. Results revealed that exploration and exploitation orientations have positive impacts on product innovation and process innovation respectively which have positive impacts on the firm's performance. Product differentiation: a tool of Competitive advantage and optimal Organizational performance (a study of Unilever Nigeria Plc). Collecting data from 323 respondents based in Ota, Ogun state were selected based on the simple random sampling technique. Findings indicate that there is a significant relationship between new product innovation of an organization and its customer satisfaction. Similarly, indicate that there is a significant relationship between unique product features of an organization and its customer satisfaction. There is a significant relationship between higher product quality and the sales growth of an organization

Some scholars examined innovation Capability and Firm Performance Relationship: a Study of PLS-Structural Equation Modelling, comprising of 280 SMEs owners/managers in North-western part of Nigeria. The outcome of the structural model shows that there is

significant positive relationship between innovation capability and firm performance (market share, profit, sales growth, customer acquisition). Some scholars examines the role of innovation on performance of firms on the Nigerian Stock Exchange. The central objective of the paper was to look at the relationship between innovativeness and firm performance in Nigeria. 60 firms were purposively selected out of a targeted population of 176 firms listed in the Nigerian Stock Exchange with financial returns as at August, 2014. Innovation was found to have negative relationships with both returns on assets, and returns on equity. This result suggests that, in Nigeria, like in Kenya, innovation has been widely adopted and practiced, but it was yet to have positive relationship with returns on assets and returns on equity in Nigeria.

The finding of scholars posit that innovation capabilities affect service quality through customer participation. This new insight implies that firms that place their efforts on applying their knowledge and skills to implement innovation activities should engage in customer participation activities. This finding reinforces scholar's recommendation that from a strategic viewpoint, firms may want to encourage participation in production by customers who have a strong relationship with the firm. This study's findings also show that customer participation enhances service quality. These results support the view that being a firm–customer linking asset, customer anticipation is a contingency variable that firms can embrace in managing innovation activities⁹². In particular, innovation capabilities are a necessary but not a sufficient condition for superiority in performance and the potential value of innovation capabilities is realized through effective customer participation

However, contrary finding was observed in extant literature. For example, Bhattraï et al. showed a contrary result compared to ^{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 to Bhattraï et al.⁹, Olalekan, Lateef, Irom, and Bulus¹⁰ 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.

From the theoretical stand point Agency theory and the dynamic capability theories were strengthened. Agency theory established that an effective principal-agent relationship has the potential of enhancing the overall organisational performance given the agents responsibility to the principal. Dynamic capability on the other hand stressed the need for innovation to contend with changing market environment to stay competitive. 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 and innovation capability have positive and statistically significant effect on performance of DMBs in Lagos State, Nigeria.

Chapter Five

Conclusion

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

5.1 Summary

The aim objective of the study is to evaluate the effect of corporate governance and innovation capability 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 and innovation capability framework instituted in corporate 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 innovation capability on organisational performance in divers' sectors. Likewise empirical submission has been made about corporate governance and innovation capability relevance for business survival and sustainability however scholars have recommended

the need for more studies on the performance effect of corporate governance and innovation capability in the banking sector especially after the 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 and innovation capability 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, innovation capability, and performance were reviewed. Corporate governance dimension in this study included risk management, ethical practices transparency. Innovation capability was measured by product, process, and management innovation. Organisational performance was measured using firm growth and firm profitability. The empirical review was done to capture the interaction between corporate governance and firm growth and corporate governance, innovation capability and organisational performance. Specifically, the empirical review which was done based on the specific objectives of this study provided varying result regarding the effect of corporate governance, innovation capability and performance in selected Deposit Money Banks in Lagos State, Nigeria. The theoretical review considered two theories (agency and dynamic capability theories) which are 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, innovation

capability 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 three null hypotheses formulated in the introductory chapter; hypothesis one-three been relative-effect analysis. Overall, the researcher ensured absolute obedience to ethical consideration.

The data analysis established the analytical technique adopted, interpretation of results and discussion of the research findings. In all, three 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, and three, were analysed through multiple regression analysis to substantiate the effects of corporate governance, innovation capability and performance in selected DMBs in Lagos State, Nigeria. Simple regression analysis was used to substantiate the second hypothesis.

The data generated were sorted, coded, and analysed to establish the statistical significance of corporate governance, innovation capability, and 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 performance of selected DMBs in Lagos State, Nigeria ($Adj R^2= 0.030$, $F(3,240)3.509$, $p= 0.016$).
2. Innovation capability (product, process, & management innovation) have significant effect on performance of selected DMBs in Lagos State, Nigeria ($R^2= 0.082$, $F(1,242)21.734$, $p= 0.000$).
3. Corporate governance and innovation capability have combined significant effect on performance of selected DMBs in Lagos State, Nigeria ($Adj R^2= 0.090$, $F(13.066) 2,241$, $p= 0.016$).

5.2 Conclusion

Based on the empirical findings, this study concluded that there was a statistically significant effect of corporate governance and Innovation capability on performance. Hence, the study established that corporate governance and innovation capability have significant effects on the performance of selected Deposit Money Banks in Lagos State, Nigeria

5.3 Recommendations

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

1. The contribution of corporate governance to performance is weak. It is imperative for the corporate parent of the selected DMBs in Lagos State to pay attention to corporate

governance activities to ensure that it helps improve performance for the DMBs under investigation.

2. Innovation capability has weak contribution to the profitability of selected DMBs in Lagos State.

Concerted effort should be put on ground to aid the innovation capability infrastructure to aid its capacity to enhance the DMBs to generate improved profitability and overall performance. Hence, capacity building that would enhance innovation capability should be embarked upon on a long-term basis.

3. The study established that corporate governance and innovation capability was able to explain

weak significant variation in performance of selected DMBs in Lagos State, Nigeria. Hence, the study recommends the need to strengthen corporate governance mechanism investigated in the study and reinforce the innovation capability infrastructure so that both can enhance the performance of the DMBs investigated.

5.4 Contributions to Knowledge

The findings of this study made important contributions to knowledge in the following ways. Based on the conceptual review done, this study offers immense contribution to knowledge conceptually in several ways.

1. This study identified and filled conceptual gaps in literature regarding corporate governance dimension, innovation capability and performance.
2. The conceptual model developed for the study suggests 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, innovation capability and performance selected money deposit banks in Lagos State, Nigeria.

3. From the theoretical stand point Agency theory and dynamic capability theories were strengthened as they provided a theoretical underpinnings for this study. Moreso it because the findings of this study unhelp the outcome of the tenets of both theories.
4. The findings of this study concerning the effect of corporate governance and innovation capability on performance of DMBs in Lagos State, Nigeria revealed that corporate governance and innovation capability has a positive and significant effect performance of DMBs under investigation. The empirical outcome of this study contributes to the existing empirical findings in the area of corporate governance, innovation capability 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 innovation capability on bank 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 innovation capability can equally influence organisational performance; Hence, future studies may consider these factors to establish their effects on performance.
- iv. On methodological basis, future study on corporate governance, innovation capability, and performance may consider the adoption of other data analytical technique such as structural equation model to provide additional support for the findings of this study.

Bibliography

1. N. Nohade, & R. El Khoury. "*Is corporate governance a good predictor of SMEs financial performance? Evidence from developing countries (the case of Lebanon).*" **Journal of Sustainable Finance & Investment** 12, no. 1 (2022): 13-43.
2. P. Sanja, & S. Vogt. "*The fit between corporate social responsibility and corporate governance: the impact on a firm's financial performance.*" **Review of Managerial Science**, 15 (2021): 1095-1125.
3. L. Jing, & J. Wang. "*Corporate governance, law, culture, environmental performance and CSR disclosure: A global perspective.*" **Journal of International Financial Markets, Institutions and Money** 70 (2021): 101264.
4. S. Pei-Gi, & S. J. Chiang. "*The impact of corporate governance on corporate social performance: Cases from listed firms in Taiwan.*" **Pacific-Basin Finance Journal** 61 (2020): 101332.
5. P. Albert & A. Anlesinya. "*Corporate governance mechanisms and firm performance in a developing country.*" **International Journal of Law and Management** 62, no. 2 (2020): 147-169.
6. A. Mohamed, N. Ayadi, & S. Trabelsi. "*Corporate governance, European bank performance and the financial crisis.*" **Managerial Auditing Journal** 34, no. 3 (2019): 338-371.
7. O. Nurlan, & M. Mahmood. "*The financial crisis as a wake-up call: corporate governance and bank performance in an emerging economy.*" **Corporate Governance: The International Journal of Business in Society** 19, no. 1 (2019): 80-101.
8. B. Sanjai, & B. Bolton. "*Corporate governance and firm performance: The sequel.*" **Journal of Corporate Finance** 58 (2019): 142-168.
9. A. Ahmed & D. P. Samontaray. "*Corporate governance and firm performance in the Saudi banking industry.*" **Banks and Bank Systems** 14, no. 1 (2019): 147.-152.
10. K. Naresh. "*Does Corporate Governance Affect Bank Performance? Empirical Evidence from India.*" **Prabandhan: Indian Journal of Management** 12, no. 3 (2019): 7-23.

11. R. A. Syafa'atur & R. Haron. "*The Effect of Corporate Governance on Islamic Banking Performance: A Maqasid Shari'ah Index Approach on Indonesian Islamic Banks.*" **Journal of Islamic Finance** 8 (2019): 001-018.
12. K. Faizan, T. Arman, & B. Eneizan. "*Impact of corporate governance characteristics on banks performance.*" **International Journal of Academic Management Science Research** 3, no. 8 (2019): 1-7.
13. M. Mukhtaruddin, U. Ubaidillah, K. Dewi, A. Hakiki, & N. Nopriyanto. "*Good corporate governance, corporate social responsibility, firm value, and financial performance as moderating variable.*" **Indonesian Journal of Sustainability Accounting and Management** 3, no. 1 (2019): 55â-64.
14. N. Tasawar. "*Exploring the nexus between human capital, corporate governance and performance: Evidence from Islamic banks.*" **Journal of Business Ethics** 157 (2019): 567-587.
15. M. M. Billah. "*Corporate Governance and Bank Performance: Conventional vs Islamic Banks in Malaysia.*" PhD diss., **UTAR**, 2019.
16. N. N. Mansour, & R. Haron. "*Dual board governance structure and multi-bank performance: a comparative analysis between Islamic banks in Southeast Asia and GCC countries.*" **Corporate Governance: The International Journal of Business in Society** 19, no. 6 (2019): 1377-1402.
17. C. Abdelaziz, A. Khallaf, & Z. Zantout. "*Corporate governance and bank performance.*" **The Journal of Developing Areas** 52, no. 2 (2018): 109-126.
18. A. M. Galal. "*Corporate governance and banks performance: Evidence from Egypt.*" **Asian Economic and Financial Review** 7, no. 12 (2017): 1326-1343.
19. K. Martin, & M. Ausloos. "*Corporate governance and firms financial performance in the United Kingdom.*" **International Journal of Finance & Economics** 26, no. 2 (2021): 1871-1885.
20. A. Mohammed. "*A brief Review of Corporate Governance Structure and Corporate Profitability in Developed and Developing economy: A review.*" **International Journal of Business and Management Invention** 10, no. 11 (2021): 42-46.
21. Z. Rashid, M. Nadeem, & M. Carvajal. "*Corporate governance and corporate social responsibility synergies: Evidence from New Zealand.*" **Meditari Accountancy Research** 29, no. 1 (2021): 135-160.
22. B. Soudabeh, A. Angus, & L. Alinaghian. "*The impact of corporate governance on corporate social responsibility at the board-level: A critical assessment.*" **Journal of Cleaner Production** 291 (2021): 125752.

23. D. Amil, V. Fos, & Z. Sautner. "Institutional investors and corporate governance." **Foundations and Trends® in Finance** 12, no. 4 (2021): 276-394.
24. J. Amira, N. Anum, M. Ghazali, & S. P. Nelson. "The influence of corporate governance structure on sustainability reporting in Malaysia." **Social Responsibility Journal** 17, no. 8 (2021): 1251-1278.
25. S. Samridhi, & S. Singh. "Corporate governance mechanisms and corporate investments: evidence from India." **International Journal of Productivity and Performance Management** 70, no. 3 (2021): 635-656.
26. L. Zhiyong, J. Crook, G. Andreeva, & Y. Tang. "Predicting the risk of financial distress using corporate governance measures." **Pacific-Basin Finance Journal** 68 (2021): 101334.
27. J. Fuxiu, & K. A. Kim. "Corporate governance in China: A survey." **Review of Finance** 24, no. 4 (2020): 733-772.
28. Z. Alessandro, E. Dedoulis, S. Leventis, & H. Van Ees. "Corporate governance and institutions—A review and research agenda." **Corporate Governance: An International Review** 28, no. 6 (2020): 465-487.
29. N. Abdulnaser, I. Abdel-Aziz, A. Sharabati, & K. M. Hammad. "Corporate governance and corporate social responsibility disclosure." **International Journal of Sustainable Entrepreneurship and Corporate Social Responsibility (IJSECSR)** 5, no. 1 (2020): 20-41.
30. H. Michael. "Toward artificial governance? The role of artificial intelligence in shaping the future of corporate governance." **Journal of Management and Governance** 24 (2020): 851-870.
31. P., Ida, B. Anom, S. Solimun, A. Achmad, R. Fernandes, & S. M. Rahayu. "Corporate governance, corporate profitability toward corporate social responsibility disclosure and corporate value (comparative study in Indonesia, China and India stock exchange in 2013-2016)." **Social Responsibility Journal** 16, no. 7 (2020): 983-999.
32. S. A. Georg, & C. Voegtlin. "Corporate governance for responsible innovation: Approaches to corporate governance and their implications for sustainable development." **Academy of Management Perspectives** 34, no. 2 (2020): 182-208.
33. C. Beatriz, L. M. Elisabete, D. Neves, L. L. Rodrigues, & A. C. Gomes Dias. "The influence of corporate governance on corporate sustainability: new evidence using panel data in the Iberian macroeconomic environment." **International Journal of Accounting & Information Management** 28, no. 4 (2020): 785-806.
34. N. Dian, & Y. Bernawati. "The impact of good corporate governance on the disclosure of corporate social responsibility." **International Journal of Innovation, Creativity and Change** 10, no. 12 (2020): 265-276.

35. N. Dian, & Y. Bernawati. "The impact of good corporate governance on the disclosure of corporate social responsibility." **International Journal of Innovation, Creativity and Change** 10, no. 12 (2020): 265-276.
36. A. I. Ahmed, A. Elamer, & E. Beddewela. "Ownership types, corporate governance and corporate social responsibility disclosures: Empirical evidence from a developing country." **Accounting Research Journal** 33, no. 1 (2020): 148-166.
37. A. I. Elsiddig. "The impact of corporate governance on Islamic banking performance: The case of UAE Islamic banks." **Journal of Banking & Finance** 9, no. 9 (2017): 1-10.
38. F. Catarina, J. Farinha, F. V. Martins, & C. Mateus. "Bank governance and performance: A survey of the literature." **Journal of Banking Regulation** 19 (2018): 236-256.
39. H. Rekha. "Does corporate governance affect financial performance: A study of select Indian banks." **Asian Economic and Financial Review** 8, no. 4 (2018): 478-486.
40. Gafoor, C.P. Abdul, V. Mariappan, & S. Thiyagarajan. "Board characteristics and bank performance in India." **IIMB management review** 30, no. 2 (2018): 160-167.
41. H. Chenini, & J. Anis. "Analysis of the impact of governance on bank performance: case of commercial Tunisian banks." **Journal of the Knowledge Economy** 9 (2018): 871-895.
42. L. Rika. "Islamic Corporate Governance, Islamicity financial Performance Index And Fraudat Islamic Bank." **Jurnal Akuntansi** 22, no. 3 (2018): 437-453.
43. A. A. Al-Nasser, & A. K. Ismail. "Corporate governance practices, ownership structure, and corporate performance in the GCC countries." **Journal of International Financial Markets, Institutions and Money** 46 (2017): 98-115.
44. B. Mohamad, U. Salim, & S. Aisjah. "The role of corporate governance and risk management on banking financial performance in Indonesia." **Jurnal Keuangan dan Perbankan** 21, no. 4 (2017): 670-680.
45. B. Amina, A. Hamdan, & Q. Zureigat. "Corporate governance and firm performance: evidence from Saudi Arabia." **Australasian Accounting, Business and Finance Journal** 11, no. 1 (2017): 78-98.
46. Y. Nobuyoshi, K. Harimaya, & K. Tomimura. "Corporate governance structure and efficiencies of cooperative banks." **International Journal of Finance & Economics** 22, no. 4 (2017): 368-378.
47. A. M. Galal. "Corporate governance and banks performance: Evidence from Egypt." **Asian Economic and Financial Review** 7, no. 12 (2017): 1326-1343.

48. O. Nurlan, M. Mahmood, & K. J. Lee. "*Corporate governance, financial crises and bank performance: lessons from top Russian banks.*" **Corporate Governance: The international journal of business in society** 16, no. 5 (2016): 798-814.
49. K. Hadri, & A. Ayumardani. "*The corporate governance efficiency and Islamic bank performance: an Indonesian evidence.*" **Polish journal of management studies** 13, no. 1 (2016): 111-120.
50. S. Ruhul, A. Arjomandi, & J. H. Seufert. "*Does corporate governance affect Australian banks' performance?.*" **Journal of International Financial Markets, Institutions and Money** 43 (2016): 113-125.
51. S. Abhishek, & J. Hagendorff. "*Corporate governance and bank risk-taking.*" **Corporate Governance: An International Review** 24, no. 3 (2016): 334-345.
52. B. Christopher. "*Corporate governance and financial performance of banks in Ghana: the moderating role of ownership structure.*" **International Journal of Emerging Markets** 18, no. 3 (2023): 607-632.
53. W. Wahidahwati, & L. Ardini. "*Corporate governance and environmental performance: How they affect firm value.*" **Journal of Asian Finance, Economics and Business** 8, no. 2 (2023): 953-962.
54. D. Muhammad, S. Rehman, U. Majeed, & S. Idress. "*Contribution the Effect of Corporate Governance on Firm Performance in Pakistan.*" **Review of Education, Administration & Law** 6, no. 1 (2023): 51-62.
55. R. Ria. "*Determinant Factors of Corporate Governance on Company Performance: Mediating Role of Capital Structure.*" **Sustainability** 15, no. 3 (2023): 2309.
56. Y. Mustafa, K. Umit H. E. Tatoglu, M. Aksoy, & S. Duran. "*Measuring the impact of board gender and cultural diversity on corporate governance and social performance: evidence from emerging markets.*" **Economic Research-Ekonomska Istraživanja** 36, no. 2 (2023): 2106503.
57. M. Kaveh, W. Q. Judge, Krista B. Lewellyn, & F. Askarzadeh. "*Corporate governance in immigrant-founded entrepreneurial firms: ownership heterogeneity and firm performance.*" **Venture Capital** 25, no. 2 (2023): 161-185.
58. A. Hariem, & T. Tursoy. "*The effect of corporate governance on financial performance: evidence from a shareholder-oriented system.*" **Iranian Journal of Management Studies** 16, no. 1 (2023): 79-95.
59. M. Almashhadani, & A. A. Almashhadani. "*Corporation Performance and Corporate Governance System: An argument.*" **International Journal of Business and Management Invention** 11, no. 2 (2022): 13-18.

60. A. Ahmad, Y. Zalailah, S. Hafiza, A. Hashim, & F. Sulong. "Corporate governance and firm performance: Empirical evidence from Jordan." **Journal of Financial Reporting and Accounting** 20, no. 5 (2022): 866-896.
61. F. Muhammad, A. Noor, & S. Ali. "Corporate governance and firm performance: empirical evidence from Pakistan." **Corporate Governance: The International Journal of Business in Society** 22, no. 1 (2022): 42-66.
62. N. Niccolò, E. Battisti, A. Ferraris, S. Dell'Atti, & M. F. Briamonte. "How and when corporate social performance reduces firm risk? The moderating role of corporate governance." **Corporate Social Responsibility and Environmental Management** 29, no. 6 (2022): 1995-2005.
63. J. Joanne, S. C. Joseph, & R. Said. "Corporate governance and corporate social responsibility society disclosure: The application of legitimacy theory." **International Journal of Business and Society** 21, no. 2 (2020): 660-678.
64. L. Oliver, & T. Vissak. "Export behavior and corporate governance." **Review of International Business and Strategy** 30, no. 1 (2020): 43-76.
65. A. E. Ries, T. Tawfeeq, Y. Alabdullah, M. Muneerali, & E. Maryanti. "Does corporate governance predict firm profitability? An empirical study in Oman." **The International Journal of Accounting and Business Society** 28, no. 1 (2020): 161-177.
66. P. Fahad, & P. Mubarak. "Impact of corporate governance on CSR disclosure." **International Journal of Disclosure and Governance** 17, no. 2-3 (2020): 155-167.
67. A. David, A. Gyeke-Dako, & C. Andoh. "Board gender diversity, corporate governance and bank efficiency in Ghana: a two stage data envelope analysis (DEA) approach." **Corporate Governance: The International Journal of Business in Society** 19, no. 2 (2019): 299-320.
68. A., Ali, & M. A. Quttainah. "Corporate governance: evidence from Islamic banks." **Social Responsibility Journal** 13, no. 3 (2017): 601-624.
69. A. Kostyuk, A. Mozghovyi, & D. Govorun, *Corporate governance, ownership and control: A review of recent scholarly research.* **Corporate Board: Role, Duties and Composition** 14, no. 1 (2018): 50-56.
70. A. A. Marius, B. Căpraru, & S. Nistor. "Corporate governance and efficiency in banking: evidence from emerging economies." **Applied Economics** 50, no. 34-35 (2018): 3812-3832.
71. D. H. Jakob, & R. Vlahu. "Corporate governance of banks: A survey." **Journal of Economic Surveys** 30, no. 2 (2016): 228-277.
72. J. Kose, S. D. Masi, & A. Paci. "Corporate governance in banks." **Corporate Governance: An International Review** 24, no. 3 (2016): 303-321.

73. A. S. James, C. Hsu, Di Tang, & C. Wu. "The role of social media in corporate governance." **The Accounting Review** 96, no. 2 (2021): 1-32.
74. D. V. Charl, & R. Dimes. "Determinants, mechanisms and consequences of corporate governance reporting: A research framework." **Journal of Management and Governance** 25 (2021): 7-26.
75. G. Ali Meftah. "Factors affecting corporate environmental disclosure in emerging markets: The role of corporate governance structures." **Business Strategy and the Environment** 30, no. 1 (2021): 609-629.
76. T. Veronica, P. Luigi Marchini, K. Furlotti, & A. Medioli. "Does corporate governance matter in corporate social responsibility disclosure? Evidence from Italy in the "era of sustainability"." **Corporate Social Responsibility and Environmental Management** 28, no. 2 (2021): 896-907.
77. R. Hania, M. Ramzan, M. Z. Ul Haq, J. Hwang, & K.B. Kim. "Risk management in corporate governance framework." **Sustainability** 13, no. 9 (2021): 5015.
78. K. M. Jonathan, "On a stakeholder model of corporate governance." **Financial Management** 50, no. 2 (2021): 321-343.
79. K. Andreas, P. Kyriakogkonas, M. Pazariskis, & L. Davidopoulos. "Corporate governance and COVID-19: A literature review." **Corporate Governance: The International Journal of Business in Society** 21, no. 6 (2021): 969-982.
80. N. Valeria, F. Cesaroni, & L. Pulejo. "Corporate governance and sustainability: A review of the existing literature." **Journal of Management and Governance** (2021): 1-20.
81. A. V. Ruth, J. Alberto Aragón-Correa, V. Marano, & P. A. Tashman. "The corporate governance of environmental sustainability: A review and proposal for more integrated research." **Journal of Management** 47, no. 6 (2021): 1468-1497.
82. M. Stephen, & S. M. Aquanno. "The new finance capital: Corporate governance, financial power, and the state." **Critical Sociology** 48, no. 1 (2022): 55-73.
83. L. Moez, & A. Hichri. "The effects of corporate governance on the customer's recommendations: a study of the banking sector at the time of COVID-19." **Journal of Knowledge Management** 26, no. 1 (2022): 165-191.
84. X. Yan, C. Jiang, Y. Guo, J. Liu, H. Wu, & Y. Hao. "Corporate social responsibility and high-quality development: do green innovation, environmental investment and corporate governance matter?." **Emerging Markets Finance and Trade** 58, no. 11 (2022): 3191-3214.

85. L. Chih-Hsien, A. Tsang, K. Tracy Wang, & N. Z. Zhu. "Corporate governance reforms and cross-listings: International evidence." **Contemporary Accounting Research** 39, no. 1 (2022): 537-576.
86. W. Margarethe, & H. Koo. "Corporate governance in today's world: Looking back and an agenda for the future." **Strategic Organization** 20, no. 4 (2022): 786-796.
87. S. Kuldeep, & D. Pillai. "Corporate governance in small and medium enterprises: a review." **Corporate Governance: The International Journal of Business in Society** 22, no. 1 (2022): 23-41.
88. G.S. Isabel-María, N. Hussain, S.A. Khan, & J. Martínez-Ferrero. "Assurance of corporate social responsibility reports: Examining the role of internal and external corporate governance mechanisms." **Corporate Social Responsibility and Environmental Management** 29, no. 1 (2022): 89-106.
89. D. Aladdin, E. Seguí-Mas, M. Zaid, & G. Tormo-Carbó. "Corporate governance and corporate social responsibility: mapping the most critical drivers in the board academic literature." **Meditari Accountancy Research** 30, no. 6 (2022): 1705-1739.
90. N. M. Abubakr, S. K. Safwan, M. Nor, & R. Ismail. "Sustainable corporate governance and gender diversity on corporate boards: evidence from COVID-19." **Economic Research-Ekonomska Istraživanja** 35, no. 1 (2022): 5824-5842.
91. S. Y. George, J. W. Yang, J. Zhang, & M. Chang. "Analyst forecast quality and corporate social responsibility: the mediation effect of corporate governance." **Meditari Accountancy Research** 31, no. 3 (2023): 675-705.
92. C. Rajashri, & D. Rakshit. "Association between earnings management and corporate governance mechanisms: A study based on select firms in India." **Global Business Review** 24, no. 1 (2023): 152-170.
93. T. Mohamed & M. A. Mohamed Youssef. "Climate change disclosure and sustainable development goals (SDGs) of the 2030 agenda: the moderating role of corporate governance." **Journal of Information, Communication and Ethics in Society** 21, no. 1 (2023): 30-62.
94. Z. Rashid, T. Jain, G. Samara, & D. Jamali. "Corporate governance meets corporate social responsibility: Mapping the interface." **Business & Society** 61, no. 3 (2022): 690-752.
95. A. H. Ahmed, & M. Almashhadani. "An overview of recent developments in corporate governance." **International Journal of Business and Management Invention** 11, no. 5 (2022): 39-44.
96. P. Nitesh, C. Andres, & S. Kumar. "Mapping the corporate governance scholarship: Current state and future directions." **Corporate Governance: An International Review** 31, no. 1 (2023): 127-160.

97. V. Patrick. "The link between corporate governance and corporate financial misconduct. A review of archival studies and implications for future research." **Management Review Quarterly** 73, no. 1 (2023): 353-411.
98. K. Nikolaos, & S. Thomsen. "Sustainable corporate governance: A review of research on long-term corporate ownership and sustainability." **Corporate Governance: An International Review** 31, no. 1 (2023): 198-226.
99. J. Khalil, & S. Chen. "Can we learn lessons from the past? COVID-19 crisis and corporate governance responses." **International Journal of Finance & Economics** 28, no. 1 (2023): 421-429.
100. M., Mutamimah, & P. L. Saputri. "Corporate governance and financing risk in Islamic banks in Indonesia." **Journal of Islamic Accounting and Business Research** 14, no. 3 (2023): 436-450.
101. P. R. Widhar. "Mapping of Islamic corporate governance research: a bibliometric analysis." **Journal of Islamic Accounting and Business Research** 14, no. 4 (2023): 538-553.
102. G., N. Ojuolape, & F. M. Taib. "Corporate governance and extent of corporate sustainability practice: the role of investor activism." **Social Responsibility Journal** 19, no. 1 (2023): 184-210.
103. C. Fengsheng. "The role of corporate governance and environmental and social responsibilities on the achievement of sustainable development goals in Malaysian logistic companies." **Economic Research-Ekonomska Istraživanja** 36, no. 1 (2023): 1610-1630.
104. O. Babajide, V. Tawiah, & S. Tanvir Hussain. "Drivers of environmental and social sustainability accounting practices in Nigeria: a corporate governance perspective." **Corporate Governance: The International Journal of Business in Society** 23, no. 2 (2023): 397-421.
105. C. Dipanwita, N. Gupta, J. Mahakud, & M. K. Tiwari. "Corporate governance and investment decisions of retail investors in equity: do group affiliation and firm age matter?." **Managerial Auditing Journal** 38, no. 1 (2023): 1-34.
106. G. Ammar, A. A. Abid, K. Hussainey, T. Ahsan, & A. Haque. "Corporate governance reforms and risk disclosure quality: evidence from an emerging economy." **Journal of Accounting in Emerging Economies** 13, no. 2 (2023): 331-354.
107. B. Pietro, & G. Ormazabal. "Boosting Foreign Investment: The Role of Certification of Corporate Governance." **Journal of Accounting Research** 61, no. 1 (2023): 95-140.
108. A. Mohammed, & H. A. Almashhadani. "Corporate Governance as an Internal Control Mechanism and its Impact on Corporate Performance." **International Journal of Business and Management Invention** 11, no. 8 (2022): 53-59.

109. A. M. Rahmawan, B. Sindhu, A. Nugroho, & F. Aligarh. "The relationship between corporate innovation and corporate governance: Empirical evidence from Indonesia." **The Journal of Asian Finance, Economics and Business (JAFEB)** 9, no. 3 (2022): 105-112.
110. H. Yu-Lin, & L.K. Connie Liao. "Corporate governance and stock performance: the case of COVID-19 crisis." **Journal of Accounting and Public Policy** 41, no. 4 (2022): 106920.
111. A. Albert, G. Ochien, V. Tauringana, D. Wang'ombe, & L. Obwona Achiro. "Corporate governance and financial performance of state-owned enterprises in Kenya." **Corporate Governance: The International Journal of Business in Society** 22, no. 4 (2022): 798-820.
112. M. Mateev, P. Poutziouris, & I. Konstantin. *On the Determinants of SME Capital Structure in Central and Eastern Europe: A Dynamic Panel Analysis.* **Research in International Business and Finance**. 27. 2013. 28–51.
113. K. Martin, & M. Ausloos. "Corporate governance and firms financial performance in the United Kingdom." **International Journal of Finance & Economics** 26, no. 2 (2021): 1871-1885.
114. R. A. Syafa'atur & R. Haron. "The Effect of Corporate Governance on Islamic Banking Performance: A Maqasid Shari'ah Index Approach on Indonesian Islamic Banks." **Journal of Islamic Finance** 8 (2019): 001-018.
115. K. Faizan, T. Arman, & B. Eneizan. "Impact of corporate governance characteristics on banks performance." **International Journal of Academic Management Science Research** 3, no. 8 (2019): 1-7.
116. M. Mukhtaruddin, U. Ubaidillah, K. Dewi, A. Hakiki, & N. Nopriyanto. "Good corporate governance, corporate social responsibility, firm value, and financial performance as moderating variable." **Indonesian Journal of Sustainability Accounting and Management** 3, no. 1 (2019): 55â-64.
117. N. Tasawar. "Exploring the nexus between human capital, corporate governance and performance: Evidence from Islamic banks." **Journal of Business Ethics** 157 (2019): 567-587.
118. M. M. Billah. "Corporate Governance and Bank Performance: Conventional vs Islamic Banks in Malaysia." PhD diss., **UTAR**, 2019.
119. N. N. Mansour, & R. Haron. "Dual board governance structure and multi-bank performance: a comparative analysis between Islamic banks in Southeast Asia and GCC countries." **Corporate Governance: The International Journal of Business in Society** 19, no. 6 (2019): 1377-1402.
120. C. Abdelaziz, A. Khallaf, & Z. Zantout. "Corporate governance and bank performance." **The Journal of Developing Areas** 52, no. 2 (2018): 109-126.

121. A. M. Galal. "Corporate governance and banks performance: Evidence from Egypt." **Asian Economic and Financial Review** 7, no. 12 (2017): 1326-1343.
122. A. Mohammed. "A brief Review of Corporate Governance Structure and Corporate Profitability in Developed and Developing economy: A review." **International Journal of Business and Management Invention** 10, no. 11 (2021): 42-46.
123. Z. Rashid, M. Nadeem, & M. Carvajal. "Corporate governance and corporate social responsibility synergies: Evidence from New Zealand." **Meditari Accountancy Research** 29, no. 1 (2021): 135-160.
124. B. Soudabeh, A. Angus, & L. Alinaghian. "The impact of corporate governance on corporate social responsibility at the board-level: A critical assessment." **Journal of Cleaner Production** 291 (2021): 125752.
125. D. Amil, V. Fos, & Z. Sautner. "Institutional investors and corporate governance." **Foundations and Trends® in Finance** 12, no. 4 (2021): 276-394.
126. J. Amira, N. Anum, M. Ghazali, & S. P. Nelson. "The influence of corporate governance structure on sustainability reporting in Malaysia." **Social Responsibility Journal** 17, no. 8 (2021): 1251-1278.
127. S. Samridhi, & S. Singh. "Corporate governance mechanisms and corporate investments: evidence from India." **International Journal of Productivity and Performance Management** 70, no. 3 (2021): 635-656.
128. L. Zhiyong, J. Crook, G. Andreeva, & Y. Tang. "Predicting the risk of financial distress using corporate governance measures." **Pacific-Basin Finance Journal** 68 (2021): 101334.
129. J. Fuxiu, & K. A. Kim. "Corporate governance in China: A survey." **Review of Finance** 24, no. 4 (2020): 733-772.
130. Z. Alessandro, E. Dedoulis, S. Leventis, & H. Van Ees. "Corporate governance and institutions—A review and research agenda." **Corporate Governance: An International Review** 28, no. 6 (2020): 465-487.
131. N. Abdalnaser, I. Abdel-Aziz, A. Sharabati, & K. M. Hammad. "Corporate governance and corporate social responsibility disclosure." **International Journal of Sustainable Entrepreneurship and Corporate Social Responsibility (IJSECSR)** 5, no. 1 (2020): 20-41.
132. H. Michael. "Toward artificial governance? The role of artificial intelligence in shaping the future of corporate governance." **Journal of Management and Governance** 24 (2020): 851-870.

133. P., Ida, B. Anom, S. Solimun, A. Achmad, R, Fernandes, & S. M. Rahayu. "Corporate governance, corporate profitability toward corporate social responsibility disclosure and corporate value (comparative study in Indonesia, China and India stock exchange in 2013-2016)." **Social Responsibility Journal** 16, no. 7 (2020): 983-999.

Do Not Copy, Lead City University, Nigeria

Lead City University Ibadan Oyo State
Department of Management & Accounting
Lead City University, School of Postgraduate Studies.

Dear Respondent,

As part of the requirement for MSc in Accounting, I am carrying out a study on “*Corporate governance, innovation capability, and performance of selected deposit money banks in Lagos, State, Nigeria*”. This research is purely for academic purpose and all information provided would be treated with utmost confidentiality. Please tick the option that best express your personal views. In any case you feel uncomfortable to proceed you may withdraw your consent at no cost.

Thank you

Instructions:

Kindly read the questions before expressing your opinion.

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 ().

Section B:Corporate Governance:

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 bank do the following		VHE	HE	MHE	MLE	LE	VLE
1	Conduct risk Assessment	6	5	4	3	2	1
2	Understands its risks	6	5	4	3	2	1
3	Minimization of risk	6	5	4	3	2	1
4	Mitigate Risk	6	5	4	3	2	1
5	Avoid Risk	6	5	4	3	2	1
Ethical Practice		6	5	4	3	2	1
To what extent, does your bank observe the following		VHE	HE	MHE	MLE	LE	VLE
1	Legal Compliance	6	5	4	3	2	1
2	Sanction Unethical practice	6	5	4	3	2	1
3	Ethical Awareness	6	5	4	3	2	1
4	Reward for Professional conduct	6	5	4	3	2	1
5	Display of Professionalism	6	5	4	3	2	1
Transparency		6	5	4	3	2	1
To what extent, does your bank do the following		VHE	HE	MHE	MLE	LE	VLE
1	Establishes due Process	6	5	4	3	2	1
2	Adhere to Regulation	6	5	4	3	2	1

3	Open organizational system	6	5	4	3	2	1
4	Performance appraisal	6	5	4	3	2	1
5	Reward-Objective alignment	6	5	4	3	2	1

Section C: Innovation Capability

The statement in this section concerns innovation capability as observed your bank. Using the six-point Likert-type scale provided below. Please tick the appropriate choice that indicates your opinion on innovation capability.

S/N	Product Innovation: With regards to product innovation, our bank is able to:	6 VHE	5 HE	4 MHE	3 MLE	2 LE	1 VLE
1	Provide clients with services that offer unique benefits superior to those of competitors						
2	Actively carries out its work on developing existing new products.						
3	Enhance the range of our products released annually						
4	Deliver new products that are technologically driven						
5	See new product development as a critical success factor						
	Process innovation: Our bank is able to do the following						
1	Reduce the developing time of new products						

2	Actively adjust its business processes						
3	Develop an in-house solution to improve business services						
4.	flexible in offering product according to customer demand						
5.	Use creative means to deliver products to our customers						
	Management innovation: through organizational innovation, our bank is able to:						
1	Adopts innovative work designs						
2	Use technology to drive organizational process						
3	Perform better than our competitors in the manner of developing new managerial works						
4	Successfully commercialize new management processing						
5	Constantly train staff on new management processes						

Section D: Organisational Performance

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		6	5	4	3	2	1
To what extent can you rate the Profit based on the following		VHE	HE	MHE	MLE	LE	VLE
1	Increase between 2017 and 2018						
2	Increase between 2018 and 2019						
3	Increase between 2019 and 2020						
4	Increase between 2020 and 2021						
5	Increase between 2021 and 2022						
Firm Growth		6	5	4	3	2	1
To what extent can you rate the Firm Growth based on the following		VHE	HE	MHE	MLE	LE	VLE
1	Increase in Customer base						
2	Acquire new customers						
3	Branch Expansion						
4	Increase customer service usage						
5	New product development						
Customer Satisfaction		6	5	4	3	2	1
To what extent can you rate the your bank based on the following		VHE	HE	MHE	MLE	LE	VLE
1	Address customer compliant swiftly						

2	Guaranty customer feedback assurance						
3	Offer unique value proposition for all customers						
4	Delivering excellence banking experience						
5	Prioritize customer satisfaction						
6	Provide seamless virtual banking service						

Do Not Copy, Lead City University, Nigeria