CORPORATE GOVERNANCE CODES AND INTELLECTUAL CAPITAL DISCLOSURE (ICD) OF LISTED BANKS IN NIGERIA

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ABSTRACT

Since the corporate global scandal of early 2000 underscore the need for firms all over the world to re-examine their Corporate Governance-COG codes and conducts. This increased scholarly debate spurred the need to examine the contribution of corporate governance codes to Intellectual Capital Disclosure-ICD. The content analysis approach was used to generate data used for the panel regression (random effect model). The study adopted the panel regression (random effect model) confirmed that, Accountability (ACT), Leadership Effectiveness (LEF), Remuneration Packages (REP), and Shareholder’s Relationship (SHR) has a positive yet considerable (significant) effect on ICD. By implication, the higher the Accountability (ACI), Leadership Effectiveness (LEF), Remuneration Packages (REP), and Shareholder’s Relationship (SHR), the more Nigerian banks disclose intellectual capital. Hence, the paper concludes that, corporate governance-COG codes improve ICD of banks in Nigeria provided that, shareholders relationship is harmonious. In light of the researcher’s findings, the paper recommend that, for regulators of the Nigerian banking industry to ensure that, the board of directors-BoDs of DMBs in Nigeria is accountable, they must ensure that,
the board of directors-BoDs should make annual disclosures to shareholders that represent a fair, accurate and comprehensive assessment of the corporation's positions and corporate outlook. Lastly, regulators of the Nigerian banking industry should ensure that, efficient bank managers are rewarded dully while inefficient bank managers should be punished accordingly. This will serve as a deterrent to others. 

**Keywords:** Corporate Governance Codes, Intellectual Capital Disclosure (ICD), Listed Banks.

## INTRODUCTION

Over the years, the subject of corporate governance (COG) codes and ICD has suffered neglect both in the academia and public policy in Nigeria. The relative neglect of board governance in Nigeria public policy is perhaps a reflection of the paucity of empirical works in this area. Although, it has attracted serious interest among a wide spectrum of people; governments, industry operators, directors, investors, stockholders, academia, international organization etc. in recent times, most board of directors-BoDs are still criticized for being responsible for the dwindling in shareholders’ wealth, both in developed and developing economies, particularly, in Nigeria where this study is based (Alhassan & Asare, 2016).

Worthy to note is that, the prevailing corporate failure around the world and existence of ample evidence suggesting that intellectual capability of firms can help to mitigate corporate crisis and failures especially in the world operating resourced based system which has made the role of intellectual capital-IC to be more essential to corporate organizations. By implication, firms have been awaken to the inability of only the physical capital to drive the needed growth in an organization, hence attention is being given to intangible asset popularly referred to as IC. Thus, as stated by Aslam and Haron (2020) an understanding of intellectual capability of firms and its fundamental determinants are of utmost importance in contemporary business world is germane.

Although, avalanche of studies have been undertaken on the effect of COG on ICD, developing and developed countries are yet to fully disclose sufficient information on IC. Again, most related studies conducted in and outside the Nigerian context only focused on COG effect on ICD without necessarily looking at how the COG codes such as accountability, leadership effectiveness, remuneration packages and shareholders relationship influences the ICD of quoted deposit money banks in Nigeria. For example, Adamu and Ivashkovskaya (2022) studied IC influence on corporate risk disclosure-CRD in the Nigerian banking industry. They adopted the panel data approach. They disclosed that, the major factors which determine risk disclosure are bank size, financial leverage, and institutional investors. Meanwhile, liquidity reduces risk disclosure but capital increase risk disclosure. Likewise, Shahzad, Shah, Lai, Jan, Shah, and Shad (2022) examined COG effect on IC efficiency of firms in Pakistan from 2016–2020. Meanwhile, Mardan, Che-Adam, and Abdullah (2021) examined the moderating role of IC on COG and company performance. The various COG proxies considered are: board change, board size, meeting, managerial ownership, block ownership, and CEO duality while IC. The documentary research approach was adopted. The study reported that, IC is key to business growth and can better explain disparities in the firm's financial performance. Also, Adebayo, Oyewole, and Lamidi (2021) reported that, COG codes improved non-financial firms’ performance in Nigeria from 2010
to 2019. In like manner, Aslam and Haron (2020) examined the impact of internal COG structure on IC efficiency of selected Islamic Banks from selected organizations of Islamic Corporation countries between 2008 and 2017 using the two step systems Generalized Methods of Moments (GMM) to analyze the data. Another area of departure is that, one critical issue that may be drawn from the above is that the current study is the first of its kind in and outside the Nigerian context to actually examine COG codes effect on IC of listed deposit money banks in Nigeria. To address these problems, this paper focused on the extent to which Accountability (ACI), Leadership Effectiveness (LEF), Remuneration Packages (REP), and Shareholder’s Relationship (SHR), affect Nigerian banks’ ability to disclose intellectual capital.

To streamline this study, the study was organized into five sections. The first and second section dealt with the introduction and literature review. The third and fourth section dealt with methodology and results and discussions. Meanwhile, the last section of this study dealt with the summary, conclusion, and recommendations.

LITRATURE REVIEW

Corporate Governance-COG Codes
The term COG codes according to Ozili (2021), are set of principles for the best practice in COG. Again, COG codes vary across borders, so it is paramount to state that their recommendations depend on a particular country’s legal and business context. Simply put, COG Codes outlines what is expected of shareholders. Furthermore, COG codes ensure that, those at the helm of affairs should be transparent, informative and devoid of corrupt practices. Over time, regulators of firms in Nigeria ensures that, the structures, frameworks, policies, and procedures, to define formal and informal rules regulating organizations, to enforcing and enforcing those rules and regulations are in line with best COG practices (Nuhu, & Ahmad, 2017).

In view of the above COG codes are rules and ethical standards which define the relationship that has been formed and the essence of these relationships that are essential to maintaining a moral equilibrium between social order need and equity.

Accountability
The term accountability is associated with being responsible and committed. Again, to be accountable means the idea of being held responsible for the performance /results of particular operations. In essence, the accountable person is in charge of carrying out the desire. Udeh, Otuedon, and Aruomah (2023) stated accountability occurs when a manager takes responsibility for organizational goals. Hence, where managers do not feel accountable, they will not act responsibly (Tonye & Tonye, 2023)

Leadership Effectiveness
Undoubtedly, leadership style is the distinctive way in which a superior manages his/her interfaces with subordinates. Leadership styles are often an extension of the personality of a leader and are shaped by the needs of the position. Dr. Rao as stated by Ugwuanyi, Uduji, and Oreedu (2020) developed an instrument for measuring three styles of leadership: The critical or coercive, the developmental and the benevolent or paternalistic. These are the top management styles which talks about creating different kind of work atmosphere in an organization and their fitness with organization needs. Worthy to note is that, while an inefficient leadership may encounter various problems whereas efficient leadership may lead
to smooth functioning, motivated employees and overall effectiveness in the performance of organization, without changing other factors in the organization (Lumumba, Simatwa, & Jane, 2021).

The implication of the above assertion is that, what determine the level of effectiveness of the leadership style which such leader adopt. In the case of a democratic style of leadership, subordinates are involved in the decision-making process, and decisions result from a group consensus (Ejike, 2022). There are frequently scheduled meetings, and subordinates are listened to by the leader. This leadership style aspires to nurture responsibility, flexibility and high morale. There is a tendency for staff to be more realistic about what is and is not possible, because they are involved in the decision making process, as well as planning (Nwanzu, & Uhiara, 2018).

**Remuneration Policy and Packages**

The term “remuneration” accounts for any type of payment or compensation for providing services. The term could include payment in form of salary, wages and commission or non-financial compensation as in the case of award and recognitions. The intention is to make the employee to always be happy with the chosen endeavour (Balkin, & Werner, 2023).

Adebayo, Oyewole, and Lamidi (2021) advise organizations to create a pay policy/strategy that aligns with the interest of the employees. Such policy is expected to include a summary of the underlying concepts that determine how owners of firms and its employees rewards its most productive employee. In light of this, the Nigerian government in 2009 established the National Employment Standards-NES Act.

**Shareholders Relationship**

The Code underscores the need for robust shareholders relationship with the company’s Board of directors-BoDs through the platform of General Meetings, in order to facilitate greater understanding within the firm (Adepoju, 2019). The Code raises concern on how needs of different shareholders can be best addressed using dialogue as the major tool (Gupta, & Krishnamurti, 2023).

**Intellectual Capital Disclosure-ICD**

It is essential to define the concept of intellectual capital (IC) before comprehending the concept of ICD properly. Oziegbe (2018) defined IC as the knowledge that transforms raw materials and makes them more valuable. The term IC is defined as the aggregate sum of intangible values which comprises of human capital, relational capital and structural capital. Bhattachaarjee, Chakraborty and Bhattacharjee (2017) defined intellectual capital as intangible assets which are invaluable to a firm’s competitive power (Hasan, Mohammad & Alam, 2017).

Lawuyi (2022) shown that IC, coupled with good COG, is critical to company success and may better explain variations in financial performance. The economic trends around the world, which include complicated and competitive situations, need modern methods to enhance profitability through managing IC rather than conventional board supervision of operations.

**Theoretical Framework**

The study was supported by the agency theory. The contract that exists between the principal and agent is explained by this notion. The idea also contends that managers' and directors' self-interests within the company may conflict with the interests of investors. According to
Panda and Leepsa (2017), agency theory reveals the issues that arise in businesses as a result of the separation between owners and agents (managers) and focuses on solutions to the agency problem. Additionally, the theory helps the businesses implement the different governance methods to control the behavior of the agents in the joint companies. Agents are supposed to perform in a way that guarantees the expectations of the organization’s owners and other stakeholders are taken into account when conducting business.  

The application of this theory to this study is that, through ICD, the conflicting interest between the principal and agent can be reduced but may not necessarily increase the company’s value. COG is therefore necessary for reporting and overseeing the transparency practices carried out by IC and to be able to lessen the occurrence of moral hazard. Similarly, sound governance mechanisms reduce the chances of management to try to further their welfares by means of information irregularities and asymmetry. Accordingly, a way of reducing information asymmetry that may subsist between the principal and agent is for disclosure on issues that affect the organization as a whole of which ICD happens to be one of them. Hence, this theory is critical to this study.  

**Empirical Review**

A number of empirical studies has provided various researchers observations on the relationship between the corporate board characteristics and IC of quoted deposit money banks (DMBs). Some of these studies have provided direct evidences on corporate board characteristics impact on the financial performance of DMBs; while others have created indirect evidences in favor of their country. For example, Adamu and Ivashkovskaya (2022) studied IC effect on corporate risk disclosure-CRD in the Nigerian banking industry. A sample of eight (8) Nigerian stock exchange-listed (NSE) banks was used. According to the content analysis of the manual, operational risk disclosures-ORD are more prominent than environmental and strategic risk disclosures. Additionally, the regression results show that intellectual capital, the size of the bank, institutional investors, and leverage are the primary predictors of risk disclosure.  

Using the census sampling method, Shahzad, Shah, Lai, Jan, Shah, and Shad (2022) examined COG effect on IC efficiency of firms in Pakistan from 2016–2020. The value-added IC coefficient (Public) model was used to arrive at the IC efficiency. The regression study used two-stage least squares and a fixed-effect model. The study's conclusions showed that IC efficiency is significantly negatively correlated with independent directors, the audit committee, board size, and pay committee. CEO dualities were shown to have strong relationship with IC effectiveness.  

Mardan, Che-Adam, and Abdullah (2021) examined the moderating role of IC on COG & company performance. The COG proxies considered are: board change, board size, meeting, managerial ownership, CEO duality, block ownership, and IC. The documentary research approach was employed by the researcher in analyzing the data sourced. The study reported that, IC is important to business growth and gives a better explanation of the disparities in the firm's financial performance.  

Oyewole, and Lamidi (2021) reported that, COG (board size, meetings, and independence) reduced ICD of 64 non-financial firms’ performance considered in Nigeria between 2010 and 2019. However, Aslam and Haron (2020) examined the impact of internal COG structure on IC efficiency of selected Islamic Banks from selected organizations of Islamic Corporation...
countries between 2008 and 2017 using the two step systems Generalized Methods of Moments (GMM) to analyze the data. Meanwhile, Kamath (2019) discovered that board meeting has high adverse effect on ICD of larger firms but became positive though insignificant in the case of small-capitally based firms.

Saruchi, Zamil, Basiruddin and Ahmad (2019) revealed in a study of selected Islamic Banks between 2006 and 2017 that meeting of board has insignificant positive effect on human capital efficiency. By implication, existing empirical studies on the link between board meeting and IC has produced mixed results.

Rompas, Soeindra, and Dananjaya (2019) analyzed the moderating role of COG on both IC and corporate performance. The researcher adopted the quantitative research approach and secondary data collected from Indonesia Stock Exchange (ISE). The study covered all listed firms in Indonesia. The study reported that, IC have positive significant effect on firm performance while the IC and COG variables as moderating variables on firm performance had no effect. Meanwhile, firm size and debt though improves both IC and COG but was not statistically significant.

Alfraih (2018) examined the extent COG mechanisms improves ICD among companies listed on the Kuwait Stock Exchange-KSE. The content analysis was used to generate data used for the multiple regression. From the result, COG mechanisms influenced the quality of IC information that was disclosed in the financial reports of the sampled firms.

METHODOLOGY

This study adopted the ex-post facto (non-experimental) research design. As an empirical study, it made use of only past data in form of secondary data extracted from annual financial statements to analyze the effect of firms’ attributes on financial performance among selected listed banks in Nigeria using the content analysis/approach. Out of the 21 listed DMBs as at 31st December, 2021, the study sampled 15 of these banks. The banks were purposively sampled because the researcher could not access the annual financial statements of the other banks for the relevant years of the study (2012-2021). These banks include: Access Bank, Eco Bank of Nigeria, First Bank Nigeria Plc, Fidelity Bank, First City Monument Bank, Guarantee Trust Bank, Keystone Nigeria Limited, Polaris Bank Plc, Stanbic IBTC, Skye Bank, United Bank for Africa, Unity Bank, Union Bank Plc, Wema Bank Plc., and Zenith Bank.

The study utilizes the secondary data from Banks’ Annual Reports, Nigerian Deposits Insurance Corporation (NDIC) and the Nigeria Exchange Group Fact Book as they are reliable data sources. The annual reports and statements of accounts of companies were sourced from the corporate headquarters of the companies, the Corporate Affairs Commission-CAC, the Securities and Exchange Commission-SEC, and the Nigeria Exchange Group. The data for this study include among others; the number of women in board; number of board members; the number of board members that have degrees in Accounting, Banking, Management/Administration, Economics, Marketing and in the field of finance; numbers of non-executive directors, profit after interest and tax, and total asset.

The model used in this study was neither adopted nor adapted. Hence, our model for this study is expressed as:

\[
ICD_{it} = \alpha + \beta_1 ACT_{it} + \beta_2 LEF_{it} + \beta_3 REP_{it} + \beta_4 SHR_{it} + \mu_{it} \]

1
Where:
ICD = Intellectual Capital Disclosure
ACT = Accountability
LEF = Leadership Effectiveness
REP = Remuneration Packages
SHR = Shareholders’ Relationship
α = constant
β1 – β4 = Coefficient of the parameter estimate.
μ = Stochastic error or term.
t = Time Period (2012-2021)

Table 1 account for how each of the study variables are operationalized:

<table>
<thead>
<tr>
<th>Name of Variables</th>
<th>Nature of Variable</th>
<th>Operational Definitions</th>
<th>Authors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intellectual Capital Disclosure (ICD)</td>
<td>Dependent</td>
<td>Intellectual capital disclosure index adapted measured as scores obtained divided by maximum possible scores.</td>
<td>Adamu, &amp; Ivashkovskaya (2022)</td>
</tr>
<tr>
<td>Accountability (ACI)</td>
<td>Independent</td>
<td>This covers 4 items. The company is scored 1 if it records any of the items otherwise score 0. These items include: (i) Certified financial statement (ii) Accounting and management Risk management issues (iii) Degree of compliance with provision of code (iv) Disclosure of any independent expert the board may engage.</td>
<td>Adefemi, Hassan, and Fletcher, (2018)</td>
</tr>
<tr>
<td>Leadership Effectiveness (LEF)</td>
<td>Independent</td>
<td>If the bank discloses board performance report, it is denoted as 1 otherwise 0.</td>
<td>Duho, Onumah, Hodey, and Owodo (2019)</td>
</tr>
<tr>
<td>Remuneration Packages (REP)</td>
<td>Independent</td>
<td>Annual amount paid to directors plus other emoluments. If the bank discloses it 1 otherwise 0.</td>
<td>Duho, Onumah, Hodey, and Owodo (2019)</td>
</tr>
<tr>
<td>Shareholder’s Relationship (SHR)</td>
<td>Independent</td>
<td>This covers 4 items. The company is scored 1 if it records any of the items otherwise score 0. These items include: (i) Meeting with shareholders (MWS), (ii) Protection of shareholders (POS); (iii) Disclosure of Venue for meeting (VOM); (v) Resolutions (R);</td>
<td>Chukwu (2018).</td>
</tr>
</tbody>
</table>

Source: Researcher’s Computation Based Extant Studies, 2022

RESULTS AND DISCUSSIONS

Preliminary Analysis

Descriptive Statistics

Table 1 presents the result for the descriptive statistics for the variables. Accordingly, the descriptive statistics takes into consideration the mean value, standard deviation value,
maximum values and minimum values respectively. In view of that, each of the variables and their descriptive properties are presented in table 4.1 collectively and represented individually below:

Table 2

<table>
<thead>
<tr>
<th></th>
<th>ICD</th>
<th>ACT</th>
<th>LEF</th>
<th>REP</th>
<th>SHR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mean</td>
<td>1.256629</td>
<td>0.522641</td>
<td>0.833333</td>
<td>0.846667</td>
<td>0.625333</td>
</tr>
<tr>
<td>Median</td>
<td>1.279000</td>
<td>0.555600</td>
<td>1.000000</td>
<td>1.000000</td>
<td>0.600000</td>
</tr>
<tr>
<td>Maximum</td>
<td>2.437400</td>
<td>0.988400</td>
<td>1.000000</td>
<td>1.000000</td>
<td>1.000000</td>
</tr>
<tr>
<td>Minimum</td>
<td>0.255800</td>
<td>0.000000</td>
<td>0.000000</td>
<td>0.000000</td>
<td>0.200000</td>
</tr>
<tr>
<td>Std. Dev.</td>
<td>0.390984</td>
<td>0.278932</td>
<td>0.373927</td>
<td>0.361516</td>
<td>0.179928</td>
</tr>
<tr>
<td>Observations</td>
<td>150</td>
<td>150</td>
<td>150</td>
<td>150</td>
<td>150</td>
</tr>
</tbody>
</table>

Source: Author’s Computation Using Eviews 9

As observed, the average value for the amount of intellectual capital disclosure by the selected banks is 1.256629 but deviated by 0.390984. This reveals that, ICD did not deviate much away from its mean value. More so, it has maximum and minimum values of 2.437400 and 0.255800 respectively. Additionally, the average accountability (ACT), leadership effectiveness (LEF), remuneration packages (REP), and shareholders relationship (SHR) are: 0.522641, 0.833333, 0.846667, and 0.625333 but deviated by 0.278932, 0.373927, 0.361516, and 0.179928 respectively. This reveals that, ACT, LEF, REP, and SHR did not deviate much away from its mean value. More so, they have maximum values of 0.988400, 1.000000, 1.000000, and 1.000000 and minimum values of 0.000000, 0.000000, 0.000000, and 0.200000.

To further reaffirm the above claim, the normality test estimate in figure 4.1 evidenced that, the model did not deviate from normality assumption. Hence, the study submit that, the model is fit for parametric analysis. However, this is need for further confirmatory analysis.

Correlation Analysis

The correlation matrix explains the nature of relationship between the dependent and independent variables of the study as well as the independent variables among themselves. The summary of the associations among the variables of the study is presented in table 3.
Table 3

**Summary of Correlation Analysis**

<table>
<thead>
<tr>
<th></th>
<th>ICD</th>
<th>ACT</th>
<th>LEF</th>
<th>REP</th>
<th>SHR</th>
</tr>
</thead>
<tbody>
<tr>
<td>ICD</td>
<td>1.000000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ACT</td>
<td>0.604842</td>
<td>1.000000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LEF</td>
<td>0.834322</td>
<td>0.232250</td>
<td>1.000000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>REP</td>
<td>0.006314</td>
<td>-0.023638</td>
<td>-0.091021</td>
<td>1.000000</td>
<td></td>
</tr>
<tr>
<td>SHR</td>
<td>-0.538967</td>
<td>0.087543</td>
<td>0.103079</td>
<td>-0.022424</td>
<td>1.000000</td>
</tr>
</tbody>
</table>

Source: Econometric Views Version 9.0 (2022)

Table 3 shows that accountability (ACT) had positive yet moderate correlation with ICD with correlation coefficients of 0.604842. This is because, its estimated correlation coefficient value estimated at 0.604842 is below 70% though falls within 31-69%. However, leadership effectiveness (LEF) had positive yet strong correlation with ICD. This is because, its estimated correlation coefficient value estimated at 0.834322 is above 70%. Meanwhile, remuneration packages (REP) had positive weak relationship with ICD. This is because, its estimated correlation coefficient value estimated at 0.006314 falls within the benchmark of 0 to 29%. Again, shareholders relationship (SHR) exerted negative yet moderate correlation with ICD during the reviewed periods. This is because, its estimated correlation coefficient value estimated at -0.538967 falls within the benchmark of 31 to 69% and is also negatively signed.

Lastly, none of the regressors within each other reported a coefficient value of up to 70% (Orjinta, & Ighosewe, 2022; Ighosewe, 2022). This indicates that, the possibility of multicollinearity problem among the regressand is very low. This was revalidated by the Variance inflation factor estimate stated in table 4.3

Table 4

**Variance Inflation Factors-VIF:**

<table>
<thead>
<tr>
<th>Variable</th>
<th>Coefficient Variance</th>
<th>Uncentered VIF</th>
<th>Centered VIF</th>
</tr>
</thead>
<tbody>
<tr>
<td>C</td>
<td>0.935846</td>
<td>1294.418</td>
<td>NA</td>
</tr>
<tr>
<td>ACT</td>
<td>0.459114</td>
<td>175.9992</td>
<td>2.540017</td>
</tr>
<tr>
<td>LEF</td>
<td>0.069512</td>
<td>67.90049</td>
<td>1.132387</td>
</tr>
<tr>
<td>REP</td>
<td>0.264435</td>
<td>264.4808</td>
<td>2.292059</td>
</tr>
<tr>
<td>SHR</td>
<td>0.346971</td>
<td>189.2226</td>
<td>1.556201</td>
</tr>
</tbody>
</table>

Source: Econometric Views Version 9.0 Output (2022)

The variance inflation factors in table 4.3 evidenced that none of the study variables reported a VIF figure that are up to 10 signaling that the model did not exhibit any trace of multicollinearity problem. On this premise the study laid claim that, the model is amenable for policy formulation in Nigeria.

Regression Result

In a bid to ensuring that the statistical inferences to be drawn for the study are reliable, valid, and accurate, this section presents the results of three (3) forms of estimation techniques/models vis-à-vis pooled ordinary least square (Pooled OLS), Random Effect Model (RAM), and Fixed Effect Model (FEM) carried out in this study. Also, Hausman test
was conducted to know the most appropriate model to adopt. Their summarized results are presented in table 5:

### Table 5

**Random Effect Model-REM Estimate**

<table>
<thead>
<tr>
<th>Variable</th>
<th>Coefficient</th>
<th>Std. Error</th>
<th>t-Statistic</th>
<th>Prob.</th>
</tr>
</thead>
<tbody>
<tr>
<td>C</td>
<td>1.267620</td>
<td>0.330854</td>
<td>9.069300</td>
<td>0.0000</td>
</tr>
<tr>
<td>ACT</td>
<td>0.882731</td>
<td>0.086171</td>
<td>2.668038</td>
<td>0.0085</td>
</tr>
<tr>
<td>LEF</td>
<td>0.755765</td>
<td>0.108983</td>
<td>8.770556</td>
<td>0.0000</td>
</tr>
<tr>
<td>REP</td>
<td>0.254630</td>
<td>0.069973</td>
<td>2.336413</td>
<td>0.0208</td>
</tr>
<tr>
<td>SHR</td>
<td>-0.624383</td>
<td>0.330854</td>
<td>-8.923172</td>
<td>0.0000</td>
</tr>
</tbody>
</table>

**Effects Specification**

<table>
<thead>
<tr>
<th>S.D. dependent var</th>
<th>0.197311</th>
</tr>
</thead>
<tbody>
<tr>
<td>Durbin-Watson stat</td>
<td>1.809437</td>
</tr>
<tr>
<td>Prob(F-statistic)</td>
<td>0.000000</td>
</tr>
</tbody>
</table>

**Test Summary**

<table>
<thead>
<tr>
<th>Chi-Sq. Statistic</th>
<th>0.492905</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chi-Sq. d.f.</td>
<td>4</td>
</tr>
<tr>
<td>Prob.</td>
<td>0.9742</td>
</tr>
</tbody>
</table>

The Hausman Test reported a p-value of 0.9742 signaling that, the Random effect model is preferred over the Fixed effect Model. Hence, the study concludes that, the Random effect model was considered adequate for the study. Table 4.5 reported a P-value of 0.4717. This gives us prove that there is none of the study variables are omitted since it is not significant at 5%. On this note, the study boldly state the model is reliable and fit for prediction. Again, the Heteroskedasticity Test reported a p-value of the chi-square which stood at 0.3668. This gives us prove that there is absence of Heteroskedasticity in the study, since it is not significant at 5%. Hence, the study concludes that the model is Homoskedastic (i.e. it has equal variance). On this note, the study boldly state the model is reliable and fit for prediction.

Furthermore, the F-statistics value for the result in table 4.7 stood at 12.85114 while its P-value is estimated at 0.0000 indicating that on the overall, all the study variables jointly determines ICD. Also, the value of $R^2$ is 0.704685 indicating that about 70.47% of the variations in ICD could be explained by changes in ICD while about 46.18% could be accounted for by other unexplained factors, including the error term. Lastly, the Durbin-Watson test of first order autocorrelation which have estimated value of 1.809437 (approximately 2) indicate that errors are uncorrelated indicating absence of serial correlation within the period of the study.
The result analysis in table 4.7, accountability (ACT) was found to have positive significant effect on ICD. This implies that, the more banks managements are transparent and fair in their dealings with their employee; it increases the likelihood of their investment in intellectual capital. Put differently, a unit rise (decrease) in accountability will increase (decrease) ICD by a significant value of 0.882731. This is buttress by the positive t-value of 2.668038. This result is in tandem with the Aprioiri Expectation of this study. This finding further suggests that, accountable managers respond to market demands for more information disclosure considering the benefit of ICD. This is in tandem with Hasan, Mohammad and Alam (2017) findings but not agree with Bhattachaarjee, Chakraborty and Bhattacharjee (2017); Tejedo-Romero, Araujo and Emmendoerfer (2017) findings.

Additionally, leadership effectiveness (LEF) was found to have positive significant (considerable) effect on ICD. This implies that, a unit rise (decrease) in leadership effectiveness will increase (decrease) ICD by a significant value of 0.755765. This result is in tandem with the Aprioiri Expectation of this study. This further reveals that, leadership (board) effectiveness (LEF) improves ICD. This is in tandem with the findings of Hasan, Mohammad and Alam (2017) but deviated sharply from the findings of Bhattachaarjee, Chakraborty and Bhattacharjee (2017); Tejedo-Romero, Araujo and Emmendoerfer (2017).

The implication of the above result is that, efficient leadership plays a significant role in improving employee skills (human capital), technological innovation and breakthroughs (structural capital) and relationships with customers (direct relational capital). This further reveals that, leadership effectiveness is a major predictor of higher ICD (ICD) in the Nigerian banking industry.

Furthermore, remuneration policy and packages (REP) was found to have positive effect on ICD. This implies that, a unit rise (decrease) in remuneration policy and packages (REP) disclosure will increase (decrease) ICD by a significant value of 0.254630. This result is in tandem with the Aprioiri Expectation of this study. This further reveals that, the more directors do not disclosure their own pay at the expense of the bank’s overall remuneration policy and packages (REP) disclosure, the more such bank discloses its Intellectual capital. This is in tandem with the findings of Alfraih (2018) but deviated sharply from the findings of Duho, Onumah, Hodey, and Owodo (2019). Justifiably, the later authors reported that, director’s remuneration reduces intellectual capital (IC) performance of Ghanaian banks from 2000 to 2014.

The implication of the above result is that, remuneration policy and packages (REP) disclosure plays a significant role in improving employee skills (human capital), technological innovation and breakthrough (structural capital) and relationships with customers (direct relational capital). This further reveals that, remuneration policy and packages (REP), the more banks disclose their Intellectual capital.

Lastly, shareholders relationship (REP) was found to have negative effect on intellectual capital disclosure. This implies that, a unit rise (decrease) in shareholders relationship (REP) will decrease (increase) ICD by a significant value of 0.674997. This result is in tandem with the Aprioiri Expectation of this study. This further reveals that, the discords among shareholders have the ability to reduce the ICD of such bank.

In terms of statistical significant, it passed the test of statistical significance since its p-value estimated at 0.0002 is below 5% level. This reveals that, shareholders relationship (REP)
disclosure is a major deterring factor which influences ICD among quoted DMBs in Nigeria. The implication of this result is that, the pursuit of shareholder interests though may require ceding a role in COG to employees in order to motivate their investing in firm-specific human capital, such action may be reduce intellectual capital disclosure especially if their misalignment of interest among bank shareholders. The above result underscores that, shareholders relationship can only improve ICD only when there exist cordial relationship between shareholders and managers of the bank. To achieve this, the board must have to protect their interests, guarantee their rights are treated fairly and, in particular, to protect minority shareholders; and at the same time must encourage their participation. Similarly, Adepoju (2019) reported that, the more the policies formulated by the board members of a bank reflect a balanced understanding of shareholders’ issues, the more such bank disclose its intellectual capital.

CONCLUSION AND RECOMMENDATIONS

Since the corporate global scandal of early 2000 underscore the need for firms all over the world to re-examine their COG codes and conducts. This increased scholarly debate spurred the need to examine the influence of COG codes on ICD. It is in this light that, the present study is premised. Specifically, the study adopted the multivariate regression analysis with a view to test the four (4) research hypotheses postulated earlier. Arising from the major results of this study, the study concludes that, COG codes improve intellectual capital disclosure of deposit money banks in Nigeria provided that, shareholders relationship is harmonious. In light of the researcher’s findings, the following recommendations were made:

2 For regulators of the Nigerian banking industry to ensure that, the board of directors of DMBs in Nigeria is accountable, they must ensure that, the board of directors should make annual disclosures to shareholders that represent a fair, accurate and comprehensive assessment of the corporation’s positions and corporate outlook.

3 Regulators of the Nigerian banking industry should ensure that, efficient bank managers are rewarded dully while inefficient bank managers should be punished accordingly. This will serve as a deterrent to others.

4 Shareholders of DMBs in Nigeria should ensure that, any attempt made by directors of these banks should be alloyed.

5 The financial reporting council of Nigeria (FRCN) should ensure that corporate governance guidelines which address shareholders relationship related issues such as reiterating the importance of general meetings, communication with and equitable treatment of shareholders should be revisited. To achieve this, they must ensure that, the board must have to protect their interests, guarantee their rights are treated fairly and, in particular, to protect minority shareholders; and at the same time must encourage their participation.

References


