CORPORATE GOVERNANCE (CG) AND ITS IMPLICATION ON PERFORMANCE OF DEPOSIT MONEY BANKS (DMBs) IN NIGERIA

Victor Chukwunweike EHIEDU[1], Anastasia Chi-Chi ONUORAH[2] &
Festus Chukwumah OSAKWE[3]

[1,2,3]Banking and Finance Department,
Faculty of Management Sciences,
Delta State University,
Abraka, Nigeria.

*Corresponding Author:Victor Chukwunweike EHIEDU
Corresponding Author Email: ehieduvc@gmail.com
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ABSTRACT

This study examined the effects of corporate governance (CG) on performance of deposit money banks (DMBs) in Nigeria between the periods 2012-2021 (10years). The specific objective of the study is to examine the relationship between the measures of CG [Board Size (BS), Board Independence (BI), Board Gender Diversity (BGD), Audit Committee Size (ACS) and Audit Committee Independence (ACS)] and [performance of DMBs proxy with Returns on Equity (ROE)]. The data for the study would be gotten from the annual reports and accounts of the 10 DMBs on the basis of the variables under study. The type of relationship between the independent and dependent variables will be determined using descriptive statistics and correlation analysis, and the method of data analysis chosen was a multiple regression analysis using the OLS method by E-VIEW 9.0. DMBs that wish to enhance their FP, especially post covid-19, should try to

reduce their BS to plus or minus ten, but with strict adherence to the regulatory guideline. This will ensure that the yearly huge expense on this is reduced and efficiency is guaranteed. This will have more positive influence on corporate performance.

Keywords: Corporate Governance, Size, Gender, Board and Performance.

INTRODUCTION

Global banking and service institutions experienced numerous business scandals and company collapses as a result of the COVID-19-fueled economic recession in 2020 and those seen in recent decades (Hafsat&Jibril, 2021; Ehiedu and Imoagwu, 2022). The primary issue in these financial scandals and corporate failures is corporate governance (CG), which is being investigated deeper by academics and investors due to its portrayal of an ineffective CG mechanism (Agbogun and Ehiedu, 2022; Nodeh, Anuar, Ramakrishnan &Raftnia, 2016;Ehiedu and Toria, (2021). Due to the complex and pervasive nature of weak CG structure, investigations into the circumstances and causes of the scandals have produced varying degrees of success.

According to the adage, "absolute power corrupts absolutely," giving executives unrestricted authority also creates favourable conditions for abuse of trust. All of these circumstances, among others, are contributing reasons to crises in major corporations around the world (Ehiedu and Imoagwu, 2022; Hafsat et al, 2021). This process of holding corporate managers accountable for their stewardship by stakeholders in order to checkmate corporate excesses is known as corporate governance (CG), and it calls for the establishment of effective CG mechanisms by stakeholders through ongoing monitoring and auditing of the executive management (Okoye, Olokoyo, Okoh, Ezeji and Uzohue, 2020; Onuorah, Ehiedu and Okoh, 2022). According to Omojefe and Ehiedu, 2017; KPMG (2017), effective CG is a critical factor in the development of sustainable enterprises; hence, alignment with cutting-edge CG practices will direct businesses in establishing a framework of procedures and mindsets that will increase their value, enhance their reputation, and guarantee their long-term prosperity.

Numerous Nigerian banks have failed due to various circumstances, including the present financial crisis in the country's banking system, that's connected to the misuse of CG practices. For Nigeria's growth and development, banks' financial stability and performance are crucial (Benvolio and Ironkwe, 2022; Odita, Ehiedu and Kifordo, (2020). Consequently, the Nigerian banking sector would be crucial to the growth of the national economy (Obi, and Ehiedu 2020; Faleye, Hoitash&Hoitash, 2021; Owolabi., Banisaye&Efuntade, 2021).

Since the implementation of the current CG legislation, the corporate environment in Nigeria has seen significant changes in dimensions, composition, and ownership structure, and financial disclosures (Ehiedu and Okorie, (2022). According to Odita and Ehiedu (2015); Di-Biase and Onorato (2021), corporate failures and business space instability in Nigeria were caused by a lack of efficient governance brought on by ineffective board members, in addition to other elements that were present at the time and added to the mix.

CG in banks uses both indoors and outside CG techniques (Ehieduand Brume-Ezewu, 2022; Benvolio, et al, 2022). Size of the board, representation of women on it, and the dual position of the Chief Executive Officer (CEO) are examples of internal CG mechanisms. Government

legislation and the audit committee are examples of external CG mechanisms (Ehiedu and Odita, 2014; Zabri, Ahmad and Wah 2016; Salma and Cesario, 2016). All of these factors were chosen because academics believe these to be the most significant CG indicators influencing banks' performance levels (Ehiedu and Obi, 2022; Mohammed and Fahmida, 2017).

Given that it is the company's highest governing body, the directors' attributes may also have a big impact on corporate performance (Ahmed, Abdullahi, Suleiman and Janada, 2019). The inference is that the directors is actively involved in developing the strategy and has full access to the data needed to conduct its oversight responsibilities (Okolie and Uwejeyan, 2022 & Hawkar, Akar, Wafa and Hero, 2021). A bigger emphasis on boards' showing off value-adding initiatives for their banks appears to have taken place.

It is generally acknowledged that CG characteristics could be quite important in determining corporate performance. For the past 20 years, academics, professional organizations and practitioners in accounting, as well as decision-makers, have emphasized the importance of boards of directors as one of the foundational elements of CG. Some researchers (Somathiloke, 2018; Assenga, Aly, &Hussainey, 2018) asserted that the various CGs features have an impact on organizational performance since they are oriented in various ways. In CG practise and research, board independence has recently gained attention. Studies on audit size, audit independence, and board composition, such as board size and board independence, have received more attention recently (Ehiedu, Odita and Kifordu, 2020; Rafinda, Rafinda, Witiastuti, Suroso, &Trinugroho, 2018). According to several research (Okiro 2016), board diversity and organisational success are related (2018). According to Adegboyegun and Igbekoyi (2022), having an ethnically diverse board of directors may improve CG, which in turn increases firm profitability.

The firm's FP, It underpins the company's operations and determines whether the bank can continue to operate, is crucial. Additionally, it would serve to reassure stakeholders and shareholders that they can trust the organization's financial reporting and retain their wealth. This study investigates the impact of CG on DMBs FP in Nigeria because there may be some CG characteristics that could enhance or detract from this bank FP.

Statement of the Problem

Improve services, strengthen financial intermediation with regard to banks, and enable suitable banking operations, it is critical for CG is a problem that the banking sector needs to solve which has emerged as a topic of worldwide concern. The majority of fraud cases that lead to the downfall of numerous banks are centered on CG, which is also held accountable for corporate failure and a fall in shareholder wealth, (Ehiedu, Onuorah and Okoh, 2021).

In Nigeria, numerous reports of accounting irregularities from the financial industry. Because the board lacks effective oversight responsibilities, institutions including Spring Bank, Fin Bank, Afri Bank, Union Bank, Oceanic Bank, and Intercontinental Bank have failed. Instead, the board has handed responsibility to top executive, which only looked out for itself. In Nigeria's banking industry, board malfeasance has become standard practice, and linked to the merging of the banks. Additionally, CG fails in many banks because boards are misled by the executive in purchasing loans that are not secured and they lack the competence to impose appropriate CG practices on the management, (Ehiedu and Olanye 2014).

The vast bulk of empirical studies on CG practises and performance is concentrated on industrialised nations and mature capital markets, as seen in the works of Lima, Dob, and Vu (2020), Rajkovic (2020), Lu and Zhu (2020), and Li, Li, and Xie (2020). (2020). Since Nigeria and other African nations have diverse regulatory and cultural settings, the conclusions of these studies might not be applicable there.

Studies looking at how CG impacts FP of businesses have utilized a number of measures, including return on asset (ROA), return on equity (ROE), and earnings per share (EPS). For instance, Eni-Egwu, Madukwe, and Ezeilo (2022) found that board size (BS) and audit committee independence (ACI) were adversely correlated with corporate FP, gender diversity showed a positive correlation, and board composition (BC) showed a mixed correlation. The BS and ROA were found to be significantly inversely correlated by Refinda et al. (2018). Gambo, Bello, and Rimanshung (2018), however, did not discover any evidence of a connection between BS and businesses. Foreign directors do not significantly affect the FP of quoted banks in Nigeria, according toEhiedu, (2022);Okiro, (2016); and Yermack, (2021) in board diversity and FP (Panel Data Evidence from Listed DMBs in Nigeria). This empirical study seeks to bridge the information gap mentioned above. Again, despite the fact that numerous studies using this domain have been carried out, to the best of the researcher's knowledge, no research has been carried out, in Nigeria using the same variable composition. Due to the ten-year time span from 2011 to 2020, this research is more recent. The research that is now underway is focused on the impact of CG on FP of DMBs in Nigeria and was made necessary based on the aforementioned study gap.

REVIEW OF RELATED LITERATURE

Conceptual Review

Concept of CG and Mechanisms

A set of guidelines and rewards known as "CG" are used to direct and regulate an organization's administration (Ehiedu, 2022; Adeusi, Akeke, Aribaba & Adebisi, 2017). Ehiedu and Ogbeta, (2014) opined that CG is an institutional setup that restrains the excesses of commanding managers. Ensuring that the company is operated effectively and investors earn a fair return is the core purpose of CG (Kajola, 2018). If a company is run with diligence, openness, accountability, and responsibility with the goal of maximising shareholders' wealth, that company is considered to have complied with the CG rule (Pandy, 2018).

A method by which governing bodies and all other organisations interact with their communities and stakeholders to raise their standard of living is also a key component of excellent community governance (Ato, 2012). Based on a company's accountability, openness, and adherence to ethical principles, CG is determined (Isah, Abdu and Nuruddeen, 2018). Therefore, establishing an efficient CG framework could increase the effectiveness and transparency of the Nigerian financial system (Babatunde and Folorunsho, 2020). A crucial idea in business is called "corporate performance," which refers to how well an institution uses its resources (human, technological, and financial) to achieve its ultimate corporate goal (Adegbemi, Donald & Ismail, 2012). Simply put, an organization's capacity to use its resources well and make sure that both the economic resource providers and its manager's profit from their utilisation is what keeps it in business (Babatunde, et al, 2020 & Adekoya, 2012). This study will therefore examine CG mechanisms

from the perspectives of board size, board independence, board qualification, audit committee size, and audit committee independence (Abdulazeez, Ndibe& Mercy, 2016).

FP (FP)

Profitability was defined by Ongore and Kusa (2013) as the relationship between investments made to support a company's efforts to achieve its goals and the profits it generates. They added that a company's ability to translate business activity into profits is determined by its profitability ratios. The ability to turn sales into earnings is assessed by profit margins. The capacity to generate net income is assessed by ROA (Pitambar, 2017; Adigwe, Nwanna& John, 2016).

For the most part, the profitability of companies in the DMBs sector can be assessed using the following metrics: ROE, which assesses how much profit is earned in relation to shareholders' equity; and EPS, which shows the quota. ROE is a more effective measure of a company's profitability and an excellent predictor of the health of the company since it demonstrates how effectively the management is performing by demonstrating how much profit each dollar of the equity of common stockholders creates (Nwaiwu& Amah, 2019; Nwaiwu& Joseph, 2020).

Theoretical Theory

Agency Theory (AT)

AT, which was put forth by Jensen and Mecklings in 1976, is where the study of CG has its roots. Theoretically, the principle appoints an agent to carry out work or delegate it to them. One party acts on behalf of the other party in this form of partnership. Because the interests of the principal and the agent are not always congruent, a problem occurs, according to classical AT (Uwuigbe, 2011 & Sami, Wang, and Zhou, 2009).

Organisational managers' goals frequently clash with the true owners of the establiahment. Hence, corporate owners must link their financial benefits to the salaries and other forms of compensation received by the organization's executives (Vo and Phan, 2013). The idea supports the appointment and induction of board members, as well as the use of enticing compensation plans, while the board supervises the managers through periodic reporting, evaluation, and acceptance of established policies (Uwuigbe, 2011).

Although some AT research imply that good governance may reduce agency costs and increase firm owners' earnings, certain findings from other investigations opine that this is not necessarily the case. The use of various organisational governance indicators could be a plausible explanation for this divergence outcome (Sami, Wang and Zhou, 2009

Resource Dependence Theory (RDT)

The ST is based on connections with several organisations for personal gain, whereas RDT is concerned with the function of the board of directors in facilitating access to the resources the firm needs. The RDT, directors can secure crucial resources for a company through connecting with the outside world (Hillman, Canella and Paetzold, 2000). Information, skills, legitimacy, and access to key stakeholders including suppliers, buyers, public policymakers, social organisations, and constituents are just a few examples of the critical resources a company needs to succeed. In fact, Johnson, Daily, and Ellstrand (1996) claim that those who support the RDT support the appointment of representatives from independent groups as a strategy for acquiring access to resources important to a firm's performance. In board meetings or to management, for instance, an outside director who is an engineer is likely to offer free professional counsel. Such resources are

made available, which improves organisational performance, a company's productivity, and its ability to survive (Daily, Dalton & Canella, 2003).

Empirical Review

In their study published in 2022, Eni-Egwu, Madukwe, and Ezeilo looked at the effects of specific CG variables on the FP of a few quoted DMBs in Nigeria. More particularly, the study investigates the connection between BS, BC, ACI, gender diversity (GD), and FP - ROE and ROA. Data for the period 2010–2019 was gathered from the audited annual accounts of ten purposefully selected DMBs. Multiple regression analysis in SPSS version 21 and Smart PLS structural equation modelling (SEM) were used to give a robust analysis of the data and assure the use of three different methodologies. The results suggest that while GD exhibited a favourable link and BC showed a mixed relationship with corporate FP, board size and ACI are negatively connected to FP. The report suggests, among other things, that businesses aim to lower the BS to plus or minus ten, as well as the number of outside (external or non-executive) board members, but strictly in accordance with the regulatory standard.

In Nigerian conglomerates, Okolie and Uwejeyan (2022) investigated the impact of corporate board characteristics on FP. Indicators of board characteristics included board size, board independence, board committees, board meetings, and board shareholdings. FP was calculated using ROA. Consequently, a sample of five quoted conglomerates was chosen over the course of the 10-year study period from 2011 to 2020. The annual reports of the chosen conglomerates were used as the source of secondary data in an ex-post facto research design. Panel data regression was the regression technique used. The results show that conglomerates' FP in Nigeria was significantly influenced by the size, independence, and stock holdings of the board and audit committee. The FP of Conglomerates in Nigeria did not, however, appear to be much impacted by board meetings.

The DMBs in Nigeria was examined by Benvolio and Ironkwe in 2022 in relation to BC. All fourteen of Nigeria's listed DMBs annual financial reports were used to compile data on various BC and firm market value factors for the years 2011 through 2021. In order to analyse the data, descriptive statistics, Hausman specification testing, likelihood ratio testing, panel stationarity testing, Lagrange multiplier testing, lag length selection testing, and panel auto-regressive distribution testing were all employed. The empirical findings show that BC has a large impact on firm FP, accounting for around 85.1% of the entire variation in firm market value.

The effect of board properties on FP was examined by Hawkar, Akar, Wafa, and Hero (2021). The study looked at ROA, which represented the FP of the organisation, as the dependent variable, and board meetings, board ownership, board independence, and board meetings as the independent variables. The information was gathered from businesses in a variety of industries from 2005 to 2016 by the Iraqi Securities Commission and Stock Exchange.. Multiple regression analysis was used with the data along with panel data. SPSS and Microsoft Excel were used to analyse the data using multiple regression and panel data. The findings showed that BI and board ownership have a positive relationship with FP. The company's ROA was discovered to be adversely impacted by the increase in board meetings. The paper made the suggestion that management of traded companies maintain having more independent and non-executive directors with ownership as this improved objectivity and ensured alignment of interests between shareholders and the directors.

The relationship between bank profitability and governance practises in Nigeria was examined by Okoye, Olokoyo, Okoh, Ezeji, and Uzohue (2020). For CG, the amount of the bank board and the directors' stake are used as proxies, and for FP, ROA and ROE are used as representations. A controlled variable in the study includes firm size (FS). It was estimated using the GMM. The study's findings demonstrate that the FP of Nigerian banks is significantly impacted by the BS, directors' equity, and FS. The study also demonstrates a strong impact of lag-ROE on performance right now. The study concludes that business entity governance has a significant impact on their FP and urges maintaining an ideal BS to reduce conflicts in the boardroom.

In their study of the FP of listed entities in Nigeria, Babatunde and Folorunsho (2020) looked at the impact of BS and BI. Furthermore, it assessed how the performance of listed firms in Nigeria was impacted by board diligence and board diversity. These were done in order to investigate the link between BC and the FP of Nigerian quoted companies. The study, which was conducted from 2009 to 2018, used secondary data from published annual reports and accounts of 35 specifically chosen listed companies on the NEG. In order to analyse the data, the regression techniques of Pooled Ordinary Least Square (OLS) and Generalized Least Square Method were used. The study's findings showed that there is no significant relationship between EPS and BI, but there is a significant negative relationship between EPS and BS, with a coefficient of -0.33 and a p-value of 0.0095 (>0.01), and between EPS and board diligence, with coefficients of -0.43 and -0.48 and p-values of 0.02 (>0.05) and 0.0095 (>0.01), respectively. The study came to the conclusion that while BI and GD have no bearing on the FP of quoted companies in Nigeria, BS and diligence do.

The impact of CG on DMBs' FP in Nigeria was studied by Sani, Aliyu, and Bakare in 2019. This study obtained secondary data from the annual reports of DMBs quoted on the NEG for the years 2011 to 2018. To analyse the data gathered, the panel regression technique was used. According to the Wald x2 p-value of (0.0000) with coefficient (10.92) at the 5% significance level, the results demonstrated that CG significantly affects the FP of DMBs in Nigeria. When CG as a whole is taken into account, CEO duality has no significant impact on ROA with a coefficient of 2.1903 and a p-value of 0.943, whereas management equity holding has a significant impact on ROA as indicated by a p-value of 0.0000 and a coefficient of 10.958 at a 5% significant level. The study's subsequent finding was that certain Nigerian banks' FP is significantly impacted by CG.

Ahmed, Abdullahi, Suleiman, and Janada (2019) looked into how board characteristics affected the FP of Nigerian listed banks. Additionally, the research made use of secondary data from the annual reports of the fourteen (14) banks listed on the NEG for the years 2014 to 2016 with 42 firm-year observations and was based on a panel data approach. Furthermore, random effects are the foundation of the regression estimates. The findings suggest that ROA is significantly negatively correlated with BI and financial expertise. In contrast, the relationship between BS and ROA is unfavourable and negligible. This study makes several recommendations for regulators and the Nigerian banking sector, in addition to offering ideas for future research projects.

Literature Gap: The following list of studies on the existent empirical literature on the effects of CG on FP in various nations, locations, industries, and historical periods showed a number of these studies. The difficulties have not, however, been effectively answered due to the results, which are largely contradictory and mixed. Despite the abundance of studies that have been done on the subject, it appears that the CG mechanism in particular is a crucial regulating body that has not

received enough attention. With the inclusion of CG processes into the model, the current study seeks to close an apparent gap in the literature. Finally, this study intends to fill a gap in the literature because theoretical investigation of the components was lacking in the bulk of studies.

RESEARCH METHODOLOGY

Research was conducted using the Ex-Post Facto method. The Nigeria Exchange Group (NEG) annual reports and accounts for the whole 10 banks listed there from fiscal years 2012 to 2021 were used as the data source.

A quantitative method to data analysis was applied in this paper. By using descriptive statistics and correlation analysis, pooled, random, and fixed effect model with multiple regression analysis utilising the OLS method via E-VIEW 9.0. The dependent variable is said to be a linear function of the independent variables in the model.

The regression model was adapted from Eni-Egwu, Madukwe, and Ezeilo's study (2022), with modifications made to fit the study's variable. The model that states that FP [proxied with Return on Equity (ROE)] is highly influenced by CG measures [proxied with Board Size (BS), Board Independence (BI), Board Qualification (BQ), Audit Committee Size (ACS), and Audit Committee Independence (ACI]] is constructed as follows;

ROE = f (BS, BI, BQ, ACS, ACI)

$$ROE = \beta_0 + \beta_1 BS + \beta_2 BI + \beta_3 BQ + \beta_4 ACS + \beta_5 ACI + E$$

Where; E = Error Term, β_0 = Intercept and β_1–β_5 = Coefficient of the Independent Variables. The a priori expectation is β_1, β_2, β_3, β_4, β_5, is lesser or greater than 0.

Table 1

Measurement and Predicted Signs

Variables	Measure	Type of Variable	Expected Sign
ROE	Net Profit / Total Equity	Dependent Variable	
BS	is the total number of directors who are seated on a bank's board of directors.	Independent Variable	**-/+**
BI	is the proportion of outside (non-executive) directors to the overall number of board members, which is the number of non-executive directors.	Independent Variable	**+/-**
BQ	a percentage of the total number of directors who have degrees in economics, finance, accounting, or business administration..	Independent Variable	**+/-**
ACS	Is used as a proxy for the audit committee's overall membership.	Independent Variable	**-/+**
ACI	Percentage of independent Directors on the audit committee during a specific year.	Independent Variable	**-/+**

Source: The Researcher from Data Gathered, 2012-2021.

RESULT AND DISCUSSIONS

Summary Statistics

This section presents the summary statistics of the study where the minimum, maximum, average, and standard deviation (SD) of the coefficients were described. The summary statistics are shown below:

Table 2
Summary Statistics

	ROE	BS	BI	BQ	ACS	ACI
Mean	5.615151	13.64000	0.516605	0.401667	5.960000	0.474167
Median	0.120740	14.00000	0.500000	0.333333	6.000000	0.500000
Maximum	149.0832	20.00000	0.857143	0.833333	6.000000	0.750000
Minimum	-3.943182	8.000000	0.166667	0.333333	4.000000	0.333333
Std. Dev.	25.15611	2.721111	0.179075	0.115676	0.281411	0.126295
Skewness	4.546322	0.337761	0.481335	1.873435	-6.857143	0.307537
Kurtosis	22.58966	2.635093	2.469479	6.420002	48.02041	1.917997
Jarque-Bera	1943.462	2.456194	5.034105	107.2310	9228.828	6.454357
Probability	0.000000	0.292849	0.080697	0.000000	0.000000	0.039669
Sum	561.5151	1364.000	51.66051	40.16667	596.0000	47.41667
Sum Sq. Dev.	62650.16	733.0400	3.174729	1.324722	7.840000	1.579097
Observations	100	100	100	100	100	100

Source: E-VIEW 9.0 Output, 2022.

The data set as indicated from the table above contained a total of 100 observations for ten (10) DMBs listed in the NEG over a period of ten years (2012-2021) for [BS, BI, BQ, ACS and ACI] and FP [proxied with ROE]. The minimum values of all the variables as indicated above ranges from minimum of 8.0000 and maximum of 20.0000 for BS. The average of the BS is 13.6400 with a SD of 2.7211. This implies that BS of the ten (10) banks in the DMBs in Nigeria deviate from its average up to 1,091.89% (13.6400-2.7211 = 10.9189 X 100). The summary statistics also showed that the minimum value is 0.1667 and the maximum of 0.8571 for BI with an average of 0.5166 with SD of 0.1791. This implies the volatility of BI is 17.91%. The summary statistics revealed that both the minimum and maximum values of 0.333 and 0.8333 for BQ. BQ gave values for average and SD as 0.4017 and 0.1157 respectively. This implies the volatility of BQ is 11.57%. The ACS as measured by the audit committee's overall membership gave values of minimum and maximum of 4.0000 and 6.000 respectively; with their average and SD of 5.9600 and 0.2814 respectively. This implies the volatility of ACS is 28.14%. Also, the summary statistics above shows that the minimum value is 0.3333 and the maximum of 0.7500 for ACI. This implies the volatility of ACI is 12.63%. Furthermore, the summary statistics above shows that the minimum value is -3.9432 and the maximum of 149.0832 for ROE. ROE has an average of 5.6152 with SD of 25.1561.

Correlation Results

The section shows how the explained variable and the explanatory variables correlate. The correlation between the ROE and BS, BI, BQ, ACS, and ACI is displayed in the table below.

Table 3
The Correlation Matrix for the Variables under Study

	ROE	BS	BI	BQ	ACS	ACI
ROE	1.000000					
BS	0.091335	1.000000				
BI	-0.173331	-0.324399	1.000000			
BQ	0.095303	0.009413	-0.030765	1.000000		
ACS	0.031307	-0.124523	0.138590	-0.432349	1.000000	
ACI	0.010765	0.075538	-0.088994	0.021222	-0.171473	1.000000

Source: E-VIEW 9.0 Output, 2022.

Indicating a strong positive association between BS and ROE, the correlation coefficient for BS is (r=0.0913), which is higher than the threshold value of 0.05. A clear indication that BS aids banks in determining their ROE capacity is provided by the correlation coefficient of BS. The slight negative association between BI and ROE was demonstrated by Table 4.3.1 above. The coefficient of correlation, which is greater than the threshold value of 0.05 and indicates a statistically significant association between BI and ROE, is -0.1733. As a result, it can be concluded that BI and ROE have a substantial negative association. Or, to put it another way, a rise in BI will result in a fall in the banks' ROE. By looking at the correlation coefficient, it is clear that the correlation between BQ and ROE is very positive statistically. Indicating a statistically significant strong positive association between bank BQ and ROE, the coefficient of correlation (r = 0.0953) is higher than the threshold value of 0.05. Inferred from this is that a rise in bank BQ would result in a rise in bank ROE. A statistically weak positive association between ACS and ROE is indicated by the coefficient of correlation (r = 0.0313), which is lower than the threshold value of 0.05. Table 4.3.1 above demonstrated the moderately favourable correlation coefficient between ACI and ROE. A statistically insignificant positive connection between ACI and ROE is indicated by the coefficient of correlation (0.0108), which is less than the threshold value of 0.05. Accordingly, ACI and ROE are thought to have a slender positive association. To put it another way, a modest increase in ROE will result from a rise in ACI.

Finally, the correlation matrix that is presented in Table 1, and it shows the absence of multi-co linearity among the variables since the correlation values are less than 0.7. Furthermore, the result shows the explanatory variables namely; BI has a negative strong correlation with ROE while BS, BQ, ACS and ACI, have positive correlation with ROE in Nigeria.

Table 4
Regression Results

Dependent Variable: ROE
Method: Panel Least Squares
Date: 08/13/22   Time: 16:35
Sample: 2012 2021
Periods included: 10
Cross-sections included: 10
Total panel (balanced) observations: 100

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	15.01229	7.118775	2.108831	0.0004
BS	0.386099	0.991443	0.389431	0.6978
BI	-23.44450	15.09421	-1.553212	0.1237
BQ	20.41531	9.441461	2.162304	0.0003
ACS	21.31575	10.29291	2.070915	0.0005
ACI	48.25348	20.49782	2.354079	0.0002
R-squared	0.342416	Mean dependent var		5.615151
Adjusted R-squared	0.117259	S.D. dependent var		25.15611
S.E. of regression	25.26304	Akaike info criterion		9.354687
Sum squared resid	59992.81	Schwarz criterion		9.510997
Log likelihood	-461.7343	Hannan-Quinn criter.		9.417948
F-statistic	0.832737	Durbin-Watson stat		0.634658
Prob(F-statistic)	0.000654			

Source: E-VIEW 9.0 Output, 2022.

BS and ROE

Table 2 above, regression coefficient value recorded for BS on ROE is 0.3861, with associated P-value of 0.6978>0.05. This implies BS positive insignificant connection with ROE. This finding is supported by the AT, which recommends that appropriate governance may possibly minimize agency expenses and boost the earnings of business owners, some results of other investigations suggest otherwise. This is lines with findings of Ahmed, Abdullahi, Suleiman and Janada (2019) and Isah, Abdu and Nuruddeen (2018). However, this is contrary to the findings of Eni-Egwu, Madukwe and Ezeilo (2022), Okolie and Uwejeyan (2022) and Olaoye and Adeyemi (2021).

BI and ROE

Also, Table 2 above, regression coefficient value recorded for BI on ROE is -23.4445, with associated P-value of 0.1237>0.05. BI is negatively insignificant with the ROE, this is line with findings of Babatunde and Folorunsho (2020) and Emeka-Nwokeji and Agubata (2019) but contrary with the findings of Okolie and Uwejeyan (2022) and Hawkar, Akar, Wafa and Hero (2021), this contrary findings may be due to facts their study studies was not conducted in Nigeria and they made used of aggregate data for their analysis, against panel data sourced from individual banks for this study.

BQ and ROE

In the Table 2 above, regression coefficient value recorded for BQ on ROE is 20.413, with associated P-value of 0.0003<0.05. This implies BQ significant connection with ROE. The positive and significant connection of BQ on the levels of ROE indicates the existence of sound audit quality via good agency connection in DMBs in Nigeria. This in line with previous findings of Benvolio and Ironkwe (2022) and Adegboyegun and Igbekoyi (2022) but contrary to the findings of Olaoye and Adeyemi (2021) and Isah, Abdu and Nuruddeen (2018), this contrary findings may be due to facts their study s made used of different data set which may result to different results.

ACS and ROE

In the Table 2 above, regression coefficient value recorded for ACS on ROE is 21.3158, with associated P-value of 0.0005<0.05. This implies ACS significant connection with ROE. This findings is supported by the findings of Isah, Abdu and Nuruddeen (2018) but contrary to the findings of Olaoye and Adeyemi (2021), this contrary findings may be due to facts their study studies was not conducted in Nigeria, so they made used of different data set which may result to different results.

ACI and ROE

Finally, Table 2 above, regression coefficient value recorded for ACI on ROE is -0.6917, with associated P-value of 0.8097>0.05. This implies ACI negative insignificant connection with ROE. This implies that 1% increase in ACI would result to 69.17% decrease in ROE. This is line with findings of the Eni-Egwu, Madukwe and Ezeilo (2022) but contrary to the findings of Olaoye and Adeyemi (2021), this contradict finding is due the fact that the study was not conducted in Nigeria.

CONCLUSION AND RECOMMENDATIONS

The study concludes that the presence of CG will improve the accuracy of financial statements of listed banks in Nigeria since they frequently provide their knowledge and a range of experiences

to the CG. In the end, the research found a strong correlation between CG and DMB performance in Nigeria. The subsequent recommendations were made in line with the study's findings:

1) DMBs who want to increase their FP, particularly after COVID-19 should aim to lower their board size to plus or minus ten, but strictly follow the regulatory regulation. Hence, efficiency will be guaranteed and the annual big expense on this will be decreased. Corporate performance will be more positively impacted by this.

2) The necessity to decrease the number of outside (external or non-executive) board members is a follow-up to the first point made above, but in accordance with the regulatory guidelines.

3) It is advised that the number of auditors in this class be maintained to a minimal in order to lower the high cost of servicing them, even if audit committee independence can have some favourable effects on banks' performance. According to the current study, the number of banks exists is high enough to have a detrimental effect on performance. For better performance, it is advised to lower the number.

4) The study found that improved bank profitability significantly results from effective governance. Thus, it is advised to maintain proper governance structures to make sure that banks are handled economically.

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