



CORPORATE GOVERNANCE AND FINANCIAL PERFORMANCE OF LISTED BANKS IN NIGERIA

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Abstract: This study examined the impact of corporate governance practices on the financial performance of listed deposit money banks in Nigeria. The Nigerian banking sector has faced challenges, including bank failures, associated to weak corporate governance structures. While prior research has yielded mixed results, there is a lack of substantial evidence on consensus establishing the effect of corporate governance and financial performance of listed deposit money banks in the Nigerian context. This research addressed this gap by focusing on corporate governance variables such as board composition, audit committee effectiveness, board size, etc. Financial performance was proxied by return on assets (ROA) over a ten-year period from 2015 to 2024. The study uses static panel data technique to analyze secondary data from the annual reports and governance disclosures of the listed banks. The findings revealed that while some governance practices, such as board size, positively influence performance, others, like the number of executive and non-executive directors, have a negative effect on key financial metrics. The results underscore the complexity of the governance-performance relationship and suggest that contextual factors play a crucial role.

Keywords: Corporate Governance, Stakeholder Theory, Banking Sector

Background of the Study

Financial performance measured by several proxies such as return on assets (ROA), return on equity (ROE), net profit margin (NPM) and host of others provide an overview of a well an entity performs for a specific period of time, as it also affords different stakeholders form opinion about the financial health of such a business concern. It measures how efficient a company's management is generating earnings from the its economic resources or assets on their statement of financial position (Adepoju, 2017).

Financial performance remains a fundamental measure of organizational effectiveness and long-term sustainability, as it reflects how efficiently firms utilize their resources to generate profits and create value for stakeholders. Financial performance serves as a key determinant of corporate survival, particularly in volatile economic environments where firms face intense competition and regulatory pressures, (Abubakar & Mohammed, 2020),

Corporate giants across the world have always being confronted with different scandals. These scandals questioned the reliability of financial information being reported by undertakings in their corporate annual reports, and this necessitated the urge to enhance reliability and relevance of financial reporting, which can only be guaranteed through the establishment and sustenance of a good governance structures, (Klai & Omri, 2011). Across different countries, scandals occurred in different companies, some of which are Pamalat, WorldCom, Cadbury, Enron etc and these have attendant effects on the choice investment and well as exhibiting the quality of financial reporting.

Corporate governance infers the entire system of structures, principles, processes, relationships, and mechanisms which ensures and guides the process by which corporations are directed, controlled, and held accountable to various stakeholders. It is not limited to internal management but

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also includes the broader network of interactions among the stakeholders such as the shareholders, executive management, board of directors, creditors, employees, customers, regulators, and the society at large. Corporate governance is concerned with the balance of power, authority, accountability, fairness, and transparency in how decisions are made and implemented within organizations. It deals with the agency problem the conflict of interest that often arises between owners (shareholders/principals) and managers (agents) and provides institutional frameworks to align managerial decisions with the long-term interests of shareholders while considering the rights and expectations of other stakeholders.

In the Nigerian banking sector, several corporate failures due to distress have been witnessed in the last three decades, prominent amongst these included Savannah Bank Ltd, Heritage Bank plc, Bank of the North, Oceanic Bank, Society Generale Bank, Bank PHB, Skye bank and few others. These occur despite significant efforts made by successive Central Bank of Nigeria Governor's effort to bring stability and strengthen the system to protect depositors and investors' interest. As noted by Abiola et al., (2021), credit exposures and lack of good credit management system have been on thorn on most of these banks, as well as accumulation of Non-performing loans which have been largely inimical and detrimental to their going concern and well as perpetual succession.

It is worthy of note that lack of governance mechanisms and internal efficiency reduces profitability, leads to external shocks that can erode financial stability if not mitigated through sound governance system and regulatory compliance. Based on the pivotal roles played financial sector in any economy, it is important that financial institutions, particularly banks, have strong governance systems, efficient operations, technological innovation, and resilience to macroeconomic shocks in order to sustain superior performance. This underscores the relevance of continued investigation into the financial performance of banks, especially in emerging economies like Nigeria where the financial system plays a critical role in driving growth and development. It against this background that this research investigates the effect of corporate governance on banks performance in Nigeria.

Literature Review and Hypothesis Development

From the review of the previous research work, several scholarly works exist on corporate governance and financial performance of banks across the globe, and this study reviewed few of these. In Nigeria alone, thirteen studies formed part of the review and these included; Ogunmakin et al., 2020; Olokoyo, 2019; Gadi, 2015; Adigwe, 2016; Yahaya, 2016; Rabi, 2022; Olayiwola, 2018; Abdullahi, 2022; Yahaya, 2022; Ogbeide, et al., 2022; Emeka, 2016; Adewumi, 2024; and Abiola, et al., 2021. These studies offer deep insights into the complexities of governance structures, the implications of Corporate Governance, and the performance outcomes within Nigerian banks and listed firms.

Moreover, beyond Nigeria, several other countries have also contributed valuable empirical evidence and some of these included three studies from Ghana. Three studies from Ghana were parts of the review (Atugeba & Acquah-Same 2024; Asiedu et al., 2023; and Mbir et al, 2020), they provide regional perspectives from West Africa, exploring how governance reforms and stakeholder engagement influence financial sustainability and firm value.

However, contributions include (Rathanayake et al., 2021) from Sri Lanka, (Hoang et al., 2024) from Hungary, and (Gardi et al., 2023) from Iraq. Malaysia by (Ahmad et al., 2022), while China features through the work of (Guluma, 2021), and Tunisia by (Wajdi & Annis 2023), Germany's perspective is captured in the study by (Velte, 2021), which adds a European dimension to the discourse on stakeholder alignment and ESG integration, each offering unique regional analyses.

Furthermore from South Asia, studies from India that were reviewed included (Puneeta, 2018), and Pakistan (Al-Amin et al., 2022), Vietnam by (Nguyen and Nguyen, 2024; and that of (Ya-Chih Yang 2022) in Taiwan and from Ethiopia (Bayelign et al. 2022).

Amongst the study that reported positive findings are; Olokoyo et al., (2019) investigated effect of corporate governance on Deposit Money Bank's performance in Nigeria. Overall, the result of this study has indicated that good governance structures put in place will foster the improved performance of banks. Also, Gadi et al., (2015) examined impact of Corporate Governance on Financial



Performance of Microfinance Banks in North Central Nigeria. The result of the study showed a positive and significant relationship between corporate governance mechanisms such as Board Composition (BC) and the Composition of Board Committees (CBC) with Earnings per Share (EPS) as a component of financial performance of microfinance banks in Nigeria. In the same vein, Yahaya (2022) delved into the impact of corporate governance on the financial Performance of Listed DMBs in Nigeria. The results showed that board size and board composition have a positive and significant impact on financial performance, while audit committee size have positive but insignificant effect on financial performance of Commercial Banks in Nigeria. It also revealed that small board size (board of directors) contributes positively and significantly to the financial performance of Commercial Banks in Nigeria.

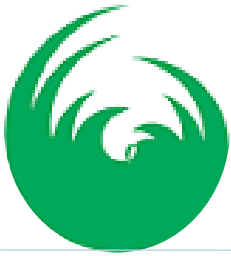
In a similar development, Adigwe et al., (2016) explored the effect of corporate governance mechanisms on the financial performance of banks in Nigeria, with the findings indicating that existence of board audit committee in the board of directors of banks has a positive effect on the financial performance of banks as measured with ROA. In the same vein, Yahaya et al., (2016) investigated corporate governance and financial performance of listed deposit money banks in Nigeria. Findings exhibited that larger board size contributes positively and significantly to the financial performance of deposit money banks in Nigeria. Also, Rabiou et al., (2022) investigated corporate governance specific attributes and financial performance of the deposit money banks in Nigeria. This study revealed that board composition (BCOMP) has a positive and immaterial effect with financial performance of DMB in Nigeria. This means that banks with smaller number of non-executive directors perform better but irrelevant.

Furthermore, Abdullahi et al., (2022) analyzed the effect of corporate governance attributes on financial performance of listed DMBs in Nigeria. The results revealed that board size (BS) is significant and positively correlated to the financial performance of listed DMBs, while board composition (BC) and audit committee (AC) have negative and significant DMBs in Nigeria. Similarly, Houang et al., (2024) delved into the impacts of corporate governance on firms 'performance. They study found a positive relationship

between transparency disclosure and financial performance and a positive correlation between corporate governance and company size. Also, Bayar et al., (2023) scrutinized corporate governance and financial reporting quality with the mediating role of IFRS. The study's findings demonstrated that IFRS adoption plays a positive mediating role in the relationship between corporate governance and financial reporting quality in private banks.

Similarly, Ahmad et al., (2022) researched the relationship between corporate governance quality and firm performance with the moderating role of capital structure. This study reported that managerial implications for the practice of corporate governance help in developing countries. In a related move, Anis and Wajdi (2023) uncovered the impact of corporate governance on financial performance, and found that the implementation of good corporate governance leads to the improvement of the financial performance of companies measured by the return on equity. In the same vein, Patrick (2021) investigated the link between corporate governance and corporate financial misconduct. The paper was a review of archival studies and implications with findings indicating that the firm and institutional level of corporate governance were of lower attraction yet and they mainly relied on ownership structure end legal enforcement. It revealed that there exist indications that CEO hubris, overconfidence and narcissism increase financial misconduct, and that expertise on the board, on audit committees and of the CEO/CFO increase financial reporting quality.

Furthermore, Atugeba et al., (2024) uncovered the relationship between corporate governance and firm performance in Ghana and revealed significant relationships regarding the impact of corporate governance on firm performance in Ghana. Also, Aseidu et al., (2023) scrutinized corporate governance and firm performance nexus, and the study finds that a causal relationship exists between corporate governance and firm performance, albeit through the transmission mechanism of FRQ. Again, the study finds positive association between corporate governance and firm performance, directly and indirectly through the mediation of FRQ. Similarly, Emeka et al., (2016) probed the effect of corporate governance on bank's financial performance in Nigeria. The study revealed that



the relationship between corporate governance and bank performance in Nigeria is quite significant as a unit change in the board size and the relative size of nonexecutive directors increases the return on assets.

Also, Goel (2018) analyzed the implications of corporate governance on financial performance in India. The findings revealed that all the sectors under study showed a significant improvement in corporate governance practices after the reforms. In a related move, Mbir et al., (2020) explored IFRS compliance, corporate governance and financial reporting quality of GSE-listed non-financial firms. The study found that the right corporate governance mechanisms enhance the positive effect of IFRS compliance on reporting quality. Similarly, Al-Amin et al., (2022) researched Female presence in corporate governance, firm performance, and the moderating role of family ownership. The study's findings indicated that the presence of women in corporate governance is positively associated with firm financial performance.

Among the studies that reported negatives findings includes; Olayiwola (2018) investigated the effect corporate governance on the financial performance of listed companies in Nigeria, with findings indicating that there is a significant negative relationship between board size and performance. Similarly, Adewumi (2024) conducted a research work on the effect of corporate governance and earnings management on performance of listed companies in Nigeria. Findings from the study revealed that while board size and CEO duality have a significance negative impact on earnings management (proxies by discretionary accruals). Also, Nguyen and Nguyen (2024) investigated corporate governance, audit quality and firm performance, and the result revealed a negative association.

Amongst the studies that reported mixed findings include, Alayo et al., (2020) which explored the corporate governance and financial performance of DMBs in Nigeria. The study revealed that board size exerts a negative and significant effect on the performance of Deposit Money Banks in Nigeria. It also revealed that gender diversity exerts a positive but insignificant effect on the financial performance of DMBs in Nigeria. Similarly, Rathanayake et al., (2021) uncovered the impact of financial reporting quality on firm performance. The result showed an overall

significant relationship for the tested three models where Return of Assets, Return on Equity, and Market to Book Ratio were regressed against Financial Reporting Quality and control variables. However, the relationship between Financial Reporting Quality and individual financial performance indicators was insignificant.

Guluma (2021) explored the impact of corporate governance measures on firm performance, with the moderating effect of managerial overconfidence. The study findings showed that ownership concentration and product market competition have a positive significant relationship with firm performance measured by ROA and TQ. Dual leadership has negative relationship with TQ, and debt financing also has a negative significant association with both measures of firm performance ROA and TQ. Also, Ogbeide et al., (2022) examined the effect corporate governance on financial performance of Banks in Nigeria, and the result showed that regulatory quality, a measure of governance, had a positive impact on bank performance while polity, a measure of likelihood of political instability, was found to have a negative and significant effect on bank performance, suggesting the destabilizing effects of political instability on bank performance.

Furthermore, Bayelign et al., (2022) scrutinized corporate governance and financial performance in the emerging economy, with a focus on Ethiopian insurance companies. The result revealed that board size, management soundness, board remuneration, and financial disclosure have a positive and significant effect on insurance company financial performance, whereas debt and dividend payout have a negative and significant impact on insurance company financial performance. Also, Abiola et al., (2021) delved into corporate governance, risk management and financial performance of listed DMBs in Nigeria. Findings revealed that a significant relationship exists between corporate governance and financial performance, while Shareholders, board meetings and members of the board does have negative relationship to performance.

H0: Corporate governance practices have no significant effect on the financial performance of listed DMBs in Nigeria

Methodology



The study adopts an ex-post facto research design, utilizing panel data extracted from the annual reports of listed banks on the Nigerian Exchange Group (NGX), covering the period from 2015 to 2024. Ten listed banks were randomly selected for the purpose. The study focuses on the Nigerian banking sector, specifically targeting banks listed on the Nigerian Exchange Group (NGX).

Dependent variable includes financial performance proxy through Return on Assets, Return of Equity while the independent variable is corporate governance. The study employed quantitative, secondary panel data, as governance and performance information for listed banks in Nigeria is publicly disclosed in audited annual reports and regulatory filings. This choice ensures objectivity and allows for replication across years and banks. The data will be drawn primarily from audited annual reports, particularly the corporate governance report, directors' report, financial statements, and notes to the accounts.

The quantitative data on corporate governance and financial performance of listed banks will be analyzed using Stata 17. These tools will facilitate both descriptive and econometric analyses, enabling accurate estimation of the relationships between corporate governance variables and financial performance indicators.

The dependent variables will be financial performance measures including return on assets (ROA), return on equity (ROE), return of capital employed (ROCE) while the independent variables will consist of board size, (BDSZ), audit committee (AUDC), capital adequate ratio (CAR), Number of executive members (NED), Number of non-executive members (NNED), board meeting (BMEET), Control variables is leverage (LEV), will be incorporated into the model to account for other factors that could influence performance. The study will employ panel least squares regression analysis to test the research hypotheses. This model will be applied to the panel dataset to estimate the effect of the independent variables on the dependent variables, thereby capturing both cross-sectional and time-series variations within the data.

Model Specification

Ordinary Least Square (OLS) was used to measure the effect of the predictors on the dependent

variable. This study adapted a modified version of the second model of Ashenafi, Kelifa and Yodit (2013). The model of (Ashenafi et al.,2013) is as stated below:

$$ROA_{it} = \alpha_0 + \beta_1 BDSZ_{it} + \beta_2 AUDC + \beta_3 NED_{it} + \beta_4 NNED_{it} + \beta_5 BMEET_{it} + \beta_6 LEV_{it} + \epsilon_{it} \dots (i)$$

Where:

ROA is return on assets

BDSZ is board size representing the number of directors sitting in the board

NED= Numbers of executive director

NNED= Numbers of non-executive director

BMEET – Number of board Meetings

AUDC represents the existence of audit committee in the board, dummy variable taking 1 if there is audit committee in the board and 0 otherwise.

The study used two control variables, namely: Leverage (LEV) and bank size (BKSZ).

BKSZ is bank size measured as a log of the year-end total assets.

e = Error Term.

Variables and Measurement

In this study, the dependent variable is Return on Assets (ROA), which is a widely used proxy for financial performance. It is measured as net profit after tax divided by the total assets of the bank. This ratio captures how efficiently the bank utilizes its total assets to generate profits and serves as a key indicator of bank performance.

The independent variables are drawn from corporate governance mechanisms. First, Board Size (BDSZE) is measured as the total number of board reported in the annual report. The existence of an audit committee is expected to strengthen monitoring, enhance transparency, and reduce agency problems, which may in turn improve financial performance. The second independent variable, Board meetings (BMEET), is measured as the total number of times board meetings are held within the stipulated years, Number of Non-Executive Directors (NNED) is measured as the proportion of non-executive directors to the total number of directors on the board. The rationale behind this measure is that a higher representation of non-executive directors enhances the independence of the board and its oversight role, thereby reducing managerial opportunism



and promoting better performance. Number of Executive Directors (NED) is measured as the proportion of executive directors to the total number of non-directors on the board

Thus, the study’s model evaluates the relationship between corporate governance mechanisms and bank financial performance (ROA), while controlling for leverage.

Variables	Accronym	Measurement/Formula
Return on Assets	ROA	Net Income / Total Assets (often multiplied by 100 to express as a percentage)
Board Size	BDSZ	Number of directors on the board (often natural logarithm in models: ln(BDSZ))
Number of Executive Directors	NED	Count of executive directors on the board
Number of Non-Executive Directors	NNED	Count of non-executive (independent or outside) directors on the board
Number of Board Meetings	BMEET	Number of board meetings held during the fiscal year
Existence of Audit Committee	AUDC	Dummy variable: 1 if an audit committee exists, 0 otherwise
Leverage	LEV	Total Debt / Total Assets (or Total Liabilities / Total Equity in some contexts)

Result and Discussion

Descriptive Analysis Results

In an effort to examine and analyze the corporate governance and financial performance Table 1 reports the summary statistics for all the variables, that is, Return on Asset, Return on Equity, Return on Capital employed, and corporate governance proxies such as Board size, audit committee, Number of executive Directors, Number of non-executive Directors and board meetings

The result showed that, all the variables displayed a high level of consistency as their mean values are within the maximum and minimum values of each series. As shown from the table, the average value of board size is 13.9, minimum of 6, to a maximum of 12.00 with a standard

deviation of 3.3. For audit committee, the average value is 5.97, minimum value is 3.00, maximum value of 10.00 and standard deviation of 0.99. The average value of board meeting is 5.8, with minimum value of 3.00 and maximum value of 16.00.

Furthermore, ROA showed the largest deviation from the mean, with an average value of 4.3, minimum value of 0.3, and maximum value of 54 and standard deviation of 8.2. Number of non executive directors shows an average value of 8.3 with lowest and highest values of 4.00 and 13.00 respectively and standard deviation of 1.7. Also, the low deviation of all variables showed that each of the variables is close to its mean, while ROA exhibited the highest variability over the period of study.

Table 1: Descriptive results of Corporate Governance of selected banks

	BDSZ	AUDC	BMEET	LEV	NED	NNED	ROA	ROCE	ROE
Mean	13.90000	5.970000	5.860000	5.722000	5.430000	8.300000	4.362000	17.25000	15.49900
Median	14.00000	6.000000	6.000000	6.950000	6.000000	8.000000	2.100000	14.85000	13.45000
Maximum	22.00000	10.00000	6.00000	11.00000	12.00000	13.00000	54.00000	64.20000	64.20000



Minimum	6.000000	3.000000	3.000000	1.000000	1.000000	4.000000	0.300000	1.200000	0.800000
Std. Dev.	3.307475	0.999545	1.188215	7.444917	2.527645	1.789419	3.280838	11.96987	11.12906
Observations	100	100	100	100	100	100	100	5.823054	8.383480

Source: Authors Computation 2025

Preliminary Test Result

This section presents the various tests conducted to determine the suitability or otherwise of pooled regression estimators in order to justify the rationale for performing other higher level estimations such as fixed effects or random effects.

Normality Test Result

Normality problem arise when as a result data not normally distributed around the mean, which violates one of the conditions for using ordinary least square (OLS) estimation technique. The data in Table 2 below shows that all the six

independent variables were normal. This is because the Jarque-Bera statistics for the variables were not significant even at 10 percent, as indicated by their P-values, which indicated that the null hypothesis of normality should be accepted. However, the P-values for the other variables, which were significant at less than 1 percent indicated that the null hypothesis of normality should be rejected indicating that the variables did not satisfy normality condition. These results showed that the estimates from pooled OLS regression analysis would not be efficient and reliable because the condition of normality was violated already hence, alternative methods such as random- effect or fixed-effect should be considered.

Table 2: Normality Test

	BDSZ	AUDC	BMEET	LEV	NED	NNED	ROA		
Skewness	0.243263	0.243263	0.304003	4.472871	1.859673	4.472871	0.218207	0.000000	0.000000
Kurtosis	3.117448	3.117448	5.704218	10.58898	7.345812	10.58898	2.920708	3.805004	27.23497
Sum	1390.000	597.0000	586.0000	772.2000	543.0000	830.0000	436.2000	1725.000	1549.900
Sum Sq. Dev.	1083.000	98.91000	474.0400	5487.252	632.5100	317.0000	6788.656	14184.49	12261.75
Observation	100	100	100	100	100	100	100	100	100

Source: Authors Computation 2025

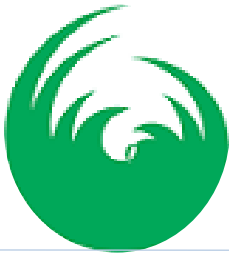
Multicollinearity Test Results

Multicollinearity problem occurs when there is evidence of strong linear relationships among explanatory variables in a multiple regression model. We used multiple correlation to examine the existence or otherwise of collinearity problem among the explanatory variables of this study. The rule of thumb for using this technique is that

the correlation between any two variables must not be higher than 0.8 (Lewis-Beck, 1993). The data in Table 4.3 showed that all the variables had a correlation less than 0.8, pairwise thus, there was no evidence of multicollinearity among the variables.

Table 4 Multicollinearity Test

	ROA	BDSZ	AUDC	BMEET	NED	NNED	LEV
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ROA		1.0000				
BDSZ		-0.4675	1.0000			
AUDC		-0.1972	0.1610	1.0000		
BMEET		-0.2328	0.4153	-0.0758	1.0000	
NED		-0.3448	0.7978	-0.0268	0.3488	1.0000
NNED		-0.3809	0.6093	0.2649	0.2869	0.0628
1.0000						
LEV		-0.2625	0.3023	0.0376	0.1396	0.4209
0.0061						
1.0000						

Source: Authors Computation 2025

4.3 Relationship between Corporate Governance and Banks Performance

The regression model was used to determine the effect of corporate governance practices on banks financial performance. BDSZ, AUDC, BMEET, NED, NNED are the

independent variables, and ROA is the dependent variable. Result of the regression analysis shows that random effect is preferred. Findings shows that Board size has has a positive but insignificant relationship with Return on asset. The effect of this is that size of the board is not adding any value to the banks return on asset. Also, Audit committee has a negative and insignificant relationship with ROA, as this infers that the existence of audit committee in the company adds no value to its return on assets at the long run.

Also, board meetings and Number of executive Directors have negative and insignificant relationships with return on assets. This infers that these do not also adds any contribution to the companys return on assets.

Conversely, Number of Non Executive Directors has a negative and significant relationship with return on asset at 10% level of significance; this shows that the existence or volume of the non-executive directors brings value to the banks return on asset.

Table 4.3.1: Regression result on the effect of Corporate Governance on Return on assets

VARIABLES	(1) POLS	(2) FE	(3) RE
BDSZ	0.496 (1.008)	-1.589 (1.159)	0.496 (1.008)
AUDC	-1.024 (0.776)	-0.771 (0.774)	-1.024 (0.776)
BMEET	-0.149 (0.375)	-0.0417 (0.615)	-0.149 (0.375)
NED	-1.334 (1.081)	-0.192 (1.254)	-1.334 (1.081)
NNED	-1.995* (1.124)	0.362 (1.334)	-1.995* (1.124)
LEV	-0.154 (0.109)	-0.189* (0.113)	-0.154 (0.109)
Constant	29.45*** (5.374)	30.79*** (6.965)	29.45*** (5.374)
Observations	100	100	100
R-squared	0.282	0.223	



coy effect	NO		
year effect	NO	NO	NO
Rmse	7.240	6.954	7.240
F-test	6.084	4.010	
Prob > F	2.10e-05	0.00140	
Number of coy		10	10
country effect		YES	YES
F-test(u _i =0)		1.870	
Prob > F(u _i =0)		0.00140	
chi-squared			36.50
Prob > chi2			2.20e-06
Hausman Prob>chi2 =	0.1878		

Source: Authors Computation 2025

Result and Discussion

This study examined the impact of corporate governance on the financial performance of listed deposit money banks in Nigeria from 2014 to 2025. The research is motivated by the failures of several Nigerian banks, often attributed to weak corporate governance structures. The study's main objective is to analyze how different governance practices affect financial performance, as measured by Return on Assets (ROA). The study employed static panel data technique for estimation to analyze the relationship between financial performance (dependent variable) and corporate governance (independent variable). Preliminary tests, such as the normality test, indicated that alternative methods like random-effect or fixed-effect should be considered, while the multicollinearity test confirmed no issues. The regression results showed mixed findings.

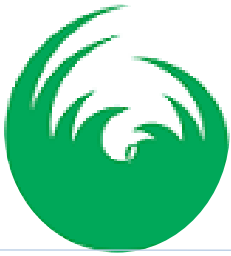
The study concludes that corporate governance practices have a both positive and negative impact on the financial performance of listed deposit money banks in Nigeria. While some governance attributes, such as board size, positively influence performance, others, like the number of executive and non-executive directors, have a negative effect on key financial metrics. The findings also highlight the importance of board composition and the audit committee in shaping financial outcomes, though their effects can be mixed depending on the specific metric examined. The results underscore the complexity of the

governance-performance relationship and suggest that contextual factors play a crucial role.

5.3 RECOMMENDATIONS

Based on the findings, the following recommendations are proposed:

- i. The Central Bank of Nigeria, Securities and Exchange Commission and other regulatory agencies should ensure strict compliance to codes of corporate governance in the country.
- ii. Relevant authorities should mandate the preparation of a comprehensive standalone report, especially on the non-financial information in Nigeria.
- iii. Regulators and policymakers are enjoined to focus on refining corporate governance frameworks to ensure that board size and composition are optimized for performance.
- iv. Bank executives and board members are advised pay close attention to the number of executive and non-executive directors, as the study suggests that a large number of these directors may have a negative effect on the banks' performance.
- v. Investors and shareholders should consider governance practices, such as board size, as key indicators of financial stability and potential for long-term value creation when making investment decisions.
- vi. Future research should consider investigating the governance attributes of Cooperative societies in Nigeria because this sub-sector is largely under researched, this will



allow for understanding of the relationship between corporate governance and financial performance in the Nigerian Cooperative societies.

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