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Article

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Corporate Governance and Financial Performance of Deposit Money Banks in Nigeria

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Abstract: The study examined effects of corporate governance on financial performance of selected deposit money banks in Nigeria. The study used 10 deposit money banks randomly selected from 21deposit money banks listed on the Nigeria stock market. The study sourced for data via the annual reports of the chosen banks over a period of 10 years spanning from 2009 to 2018. Data collected were analyzed using both descriptive and inferential methods of study. Descriptive analysis conducted within the study included mean analysis, measure of dispersion, minimum and maximum analysis, followed by correlation analysis, pooled OLS estimation, fixed effect estimation, random effect estimation, and post estimation test like restricted F-test, Hausman test, Pesaran cross sectional independence. The study revealed that board size exerts a negative and significant effect on the performance of Deposit Money Banks in Nigeria -0.8462(p=0.0090.05). It had been also, revealed that gender diversity exerts a positive but insignificant effect on the financial performance of Deposit Money Banks in Nigeria to the tune of 5.1647(p=0.685>0.05). The study concluded that corporate governance exerts a big effect on the financial performance of Deposit Money Banks in Nigeria. The study recommended that the monitoring function of the members of the board of Deposit Money Banks should be directed at pressing must be productive and convey about a rise within the profit level and therefore the management of those banks should know that tons of advantages are implanted in corporate governance if accorded the proper place within the management of the affairs.

Keywords: CEO duality; Board size; Gender diversity; ROA; DMBs; Nigeria

JEL Classification: G34

1. Introduction

1.1. Background to the Study

Generally, the implication of the vibrancy, healthiness, and transparency of the banking sector to the expansion and development of economies can't be overemphasized therein it ensures adequate mobilization and intermediation of fund through which economies thrive. It must be noted that the extent by which banking sectors are functioning depends on the patronage of the citizens towards its services including the reassurance of quality services (Agbaeze & Ogosi, 2018). Hence, there's loss of

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self-assurance by the purchasers within the activities of the banking sector, particularly Deposit Money Banks, could cause panic among the minor (employees) and major (shareholders) stakeholders, move the volatility of the economy to the acute and, within the same vein, breed economic and financial woes (Adegbemi, Donald & Ismail, 2013). On this note, Mohammed (2012) observes that the environment of Deposit Money Banks (DMBs) demands transparency of operational activities as long as the outlay of institutional failure (considering the multiplier effect of monetary institutional devastation on the authentic sector of the economy) are disproportionately expensive to a rustic like Nigeria. The consequences of corporate devastation won't only cause distress to the shareholders but also, suppliers, employees, consumers, and therefore the nation at large. Expanding this, literature acknowledged that the absence of confidence within the operational activities of the banking sector is lethal to the financial performance level mostly measures in terms of Return on Assets (ROA), Return on Equity (ROE), net income Margin (NPM) and Profit after Tax (PAT) (Adigwe, Nwanna & John, 2016; Pitambar, 2017).

Basically, the financial performance within the banking sector might be assessed with the use of Return on Assets (ROA) which centered on the power to get income through the utilization of a bank's assets and Profit After Tax (PAT) which suggests the sum earned by a bank in any case taxation related expenses are deducted (Gul, Faiza & Khalid, 2011). Noticeably, while some DMBs are thriving within the industry, it seems others are financially distressed. Mohammed (2012), Okoi, Stephen and Sani (2014) and Okoye, Evbuomwan, Achugamonu and Aragham (2016) noted that poor consideration for ethical values and good governance stimulate poor performances of banks occasioned by the failures of City Express Bank Limited, African Express Bank Plc, Assurance Bank Nigeria Limited, All States Trust Bank Plc, agent bank Plc, Trade Bank Plc, Metropolitan Bank Limited, Societe Generale Bank of Nigeria Plc., Gulf Bank of Nigeria Plc, Hallmark Bank Plc., Intercontinental Bank Plc, Oceanic Bank Ltd, Bank PHB etc. whose authorizations were annulled by the apex bank of Nigeria (Central Bank of Nigeria) in 2006 apart from the licenses for Intercontinental Bank Plc, Oceanic Bank Ltd, Bank PHB that were revoked within the year 2011. Of these failures seem to be connected to the poor attention accorded to corporate governance.

A topical development was the case of diamond bank that was merged with access bank in Nigeria. Adeleke (2019), submits that Diamond Bank went from making incomes of N28.5 billion in 2013 to creating losses of around N9 billion in 2017. It had been merged with Access Bank in March 2019 after seeing a pointy increase within the volume of its non-performing loans that grossly affect the profit level. As noted by Adeleke (2019, June 5), a unbroken breach of governance rules, particularly manifested in avoidable exposure to the oil sector, resulting in enormous Non-Performing Loans (NPLs), and board disagreement, resulting in wrong decisions, brought Diamond Bank to its knees. This appears to be linked to poor corporate governance.

Corporate governance seems to be the engineering through which operational activities of organizations are performed. According to International Bank for Reconstruction and Development cited in Pitambar (2017), it is the system by which an entity is regulated, operated, controlled and monitored for promoting the transparency, fairness, and accountability of firms. Attesting to this, Okafor (2011) posits that corporate governance connotes the procedures involved within the discharge of the mandate of governance in corporate entities. This underpins that corporate governance deals with policies, procedures, structures, policies being applied by banks to understand target objectives. It's the structure through which the bank's objectives are set and attained.

Corporate governance seems to be a mixture of certain procedures, guidelines, laws, customs, and other framework which is based on how a corporation is controlled and directed with a view to enhancing business success with corporate answerability. The foremost aim of fantastic corporate governance is actually to attenuate agency conflict (Anastasia & Olga, 2012; Ibrahim, 2017). Mohammed and Fahmida (2017) asserted that corporate governance of banks is different from what's obtainable in other organizations because of high government regulations, the existence shareholders and depositors. This underscores that a broader perspective of corporate governance requires to be effected within the case of banks.

Bank corporate governance is usually divided into internal and external corporate governance mechanisms. Internal corporate governance mechanisms include board composition, gender diversity, board size, and thus the CEO duality while the external corporate governance mechanisms include the audit committee and therefore the govt regulations (Zabri, Ahmad & Wah 2015; Salma & Cesario, 2016)

The board composition and thus the board size are essential measures of corporate governance. However, different empirical studies find different results regarding the connection that exist between the corporations' performance and thus the composition of the board and therefore the board size of directors. While some researchers contend that an outsized board of directors could bring out a meaningful effect for the firm performance because they raise the pool of resources and expertise, also others researchers are of the opinion that when the boards of directors get overlarge, it becomes more problematic to manage and this might cause decline within the performance level (Salma & Cesario, 2016).

Gender diversity seems to be an indicator of corporate governance not well appreciated by scholars in Nigeria. It connotes the involvement of women on the board of directors could also be an honest instrument to strengthen board diversity. Literature asserted that the presence of the women within the board of banks remains limited and this might be connected to poor performance (Muller-Kahle & Lewellyn, 2011; Romano, Ferretti & Quirici, 2012). Consequently, CEO duality is another vital indicator of corporate governance meaning things where the CEO of the bank even be the chairman of the board. The intermittent failure of banks and other organizations appears to spice up a problem as regards the importance of board size, CEO duality and thus the board members of banks. It's against this background that this study aimed toward investigating the results of corporate governance on the financial performance of Deposit Money Banks in Nigeria.

1.2. Statement of the Problem

The new merger of deposit money banks in Nigeria engendered by different consolidations policies and experience of failed banks in the year 2006 and 2011 generate a lot of apprehension on the need to improve corporate governance of deposit money banks to stimulate financial soundness. This is expected to bring about augmentation of public confidence and guarantee effective functioning of the banking sector. According to Mugisha, Jaya, Joseph and Mbabazi (2015), banking administration can only perform well if reliable corporate governance is in place. Banking supervisors have a strong interest in achieve that there is sound corporate governance at every banking sector. Observably, corporate governance seems not to be effective in Nigeria. Attesting to this, it was affirmed that most banks are financially strained due to failure by the board members to uphold corporate governance practices for personal reasons leading to disharmony, excessive non-performing loans and wrong decisions (Adeleke, 2019). Furthermore, the audit process at banks appears not to have taken fully into account the rapid corrosion of the economy and hence the need for a holistic provisioning against risk assets (Agbaeze & Ogosi, 2018). All these shortcomings might not be unrelated to poor performances of some Banks in Nigeria.

Universally, quite a lot of studies have been conducted on the significance of corporate governance on the financial performance of banks in developed, developing and Nigeria with different variables. For example, Mugisha, Jaya, Joseph and Mbabazi (2015) examined the effect of corporate governance on financial performance of banks in Rwanda, ROA and ROE. Salma and Cesario (2016) examined the impact of corporate governance on European bank performance for the period of 2002 and 2011. In Bangladesh, Mohammed and Fahmida (2017) studied the effect of corporate governance on the performance of banks. Fascinatingly, all these studies report a mixed impact of corporate governance on the financial performance level of banks thereby creating a gap for more studies to be conducted.

In Nigeria, a lot of studies have been conducted in this context. For Instance, Mohammed (2012) studied the impact of corporate governance on the performance of banks in Nigeria. Also, Ajala, Amuda, and Arulogun (2012) conducted a research on the effect of corporate governance on the performance of banks in Nigeria. Likewise, Adegbami, Donald and Ismail (2013) investigated the impact of corporate governance on performance of banks in Nigeria.

The fact that all these studies used different variables, both independent and dependent, might be the reason for the mixed findings reported. While studies like Mohammed (2012), Adigwe, Nwanna and John (2016), Okoye, Evbuomwan, Achugamonu and Aragham (2016), Agbaeze and Ogosi (2018), report a positive impact of corporate governance on the performance level of banks, studies like Ajala, Amuda and Arulogun (2012) and Adegbami, Donald and Ismail (2013) report a negative impact thereby creating a gap for more studies to be conducted. Noticeably from all these studies, particularly those conducted in Nigeria, CEO duality and gender diversity seem not to be well appreciated by researchers and thereby constituted another gap filled by this study.

Similarly, correlation and multiple regression were used by these studies, except those conducted in the developed countries. But for this study, panel regression analysis was more appropriate because it was a cross sectional study, which constitutes another vacuum filled with the use of panel regression analysis. To emphasize the need for corporate governance as a productive tool for improved financial performance of Nigerian Deposit Money Banks. This study examined the effect of corporate governance on the financial performance of Nigerian Deposit Money Banks.

2. Literature Review

2.1. Conceptual Review

2.1.1. Corporate Governance

Corporate governance is specifically concerned with the set of rules, controls, policies and resolutions put in place that dictates corporate behaviour (Mohammed & Fahmida, 2017). In the same vein, Ayorinde, Toyin and Leye (2012) sees corporate governance as a framework of rules and practices which enables board of directors to ensure proper answerability, fairness and transparency in a corporate relationship with all its shareholders. Corporate governance involves explicit and implicit contracts between banks and their stakeholders for discharges of roles, rights and rewards, procedures for reconciling the conflicting interest of stakeholders in accordance with their duties. (Michael, 2016).

The corporate governance of banks is significant for numerous reasons. This is because banks have a tremendously prevailing position in the economy financial systems and are tremendously important engines of economic growth (Salma & Cesario, 2016). In the same vein, Michael (2016) described corporate governance as the manner in which the business of the bank is directed which comprises setting corporate objectives and risk profiles, aligning corporate behaviour, running the bank's operations within the established risk profile and in compliance with applicable laws and regulations, and protecting the interests of depositors and other stakeholders.

This means that corporate governance affects bank performance by ensuring that strategic goals and corporate values are in place and communicated throughout the bank. These goals must be transparent with the objective of ensuring proper lines of accountable responsibility, appropriate oversight by senior management, segregation of audit and control functions, effective risk management procedures are in place and board members are properly qualified and do not place undue influence upon management. Effective governance practices are one of the key prerequisites to achieve and maintain public trust and, in a broader sense, provide confidence in the banking system (Ochieng, 2011).

2.1.2. Board Size

The board is usually the administration of the organization and its prime responsibility is to form sure that the organization achieves the shareholders' goal. The board of directors has the facility to rent, terminate and compensate top management (Hani, 2014). The board safeguards the organization's assets and invested capital, additionally, to setting the bank's objectives which include generating returns to shareholders, the board of directors and senior management as noted by Okoye, Evbuomwan, Achugamonu and Aragham (2016), influence how banks run their daily operations, achieve the commitment of accountability to shareholders and consider the interests of other recognized stakeholders (Harun, 2017).

In theory, the board is responsible to the shareholders and it's alleged to govern company's management. The role of board of directors has increasingly come under scrutiny within the light of corporate scandals like those at Enron, WorldCom and HealthSouth. Board size represents the number of directors on a board and a perfect board should consist both executive and non-executive directors (Ahmed, 2015). There's no universal agreement on the optimum size of the board. An outsized number of members represent a challenge in terms of using them effectively or having any quite meaningful individual participation.

According to Badu and Appiah (2017), empirical studies on board size has been mixed and inconclusive because different corporate governance theories supported board size. Agency and resource dependency theories support board with sizable amount of directors, whereas stewardship theory supports board with smaller size for effective management. a bigger board size consists of a greater number of directors who work towards the interest of the stakeholders and shareholders. Agency theory believes that larger board size enhances a corporation performance by improving monitoring function. Within the same vein, the resource dependency theory proposes that larger board size brings a good sort of expertise and knowledge and knowledge in diverse fields to reinforce the function of the board (Ibrahim, 2017).

Agency theory intensified board monitoring and improves performance. It describes the dimensions of board by depicting the extent of control exercised by management. Board size may be a critical component of a well composed board and may affect the effectiveness of board monitoring and control operation. It depicts the power of the board to resist the control exercised by managers (Badu & Appiah, 2017). Board size is predicted to play a key role in terms of the standard of the board in supervising, monitoring the management of the corporate and thus affecting the standard of the interior control.

Contrary to the effectiveness of smaller board size, Ozkan (2011) opined that larger boards are alleged to provide firm with better monitoring as they typically have longer and knowledge than smaller boards. Ibrahim (2017) support this assertion by indicating that board monitoring is directly related to larger boards as a result of their ability to share workloads over a greater number of directors which smaller boards are easily manipulated.

2.1.3. Chief Executive Officer (CEO) Duality

CEO duality is the practice of one person serving as both the CEO and chairperson of the board of directors. According to Vintilla and Duca (2013) CEO duality refers to the situation where the CEO also holds the position of the chairman of the board. In the same vein, Robisson, Onyeanu and Obodoekwe (2013) opined that duality role in a company means a person who has a dual role as Chairman of the board (COB) and Chief Executive Officer (CEO) at the same time. The board of directors is set up to monitor managers such as the CEO on the behalf of the shareholders. They design compensation contracts and hire and fire CEOs. A dual CEO benefits the firm if he or she works closely with the board to create value.

The dual role is a policy from a company that implements a position to fill as COB and CEO. CEO duality requires a person to be able to function as COB and CEO at the same time to lead the company. According to Adekunle and Aghedo (2014), the roles of the COB are different from the roles of the CEO as several roles as a COB are to ensure effective operation of the board, supporting and advising the CEO in the development and implementation of strategy and some other roles. On the other hand, the roles of the CEO are to develop strategies for recommendation to the board and ensure that agreed strategies are reflected in the company, ensure that the company's performance is consistent with the company's Principles and several other roles.

Duality role in a company raises some debate about its negative effects. Two theories support and reject duality role which are agency theory and stewardship theory. Agency theory rejects duality role while stewardship theory is in support of duality role in a company. James and Ibezim (2015) argued that having leadership that is focused with a single individual in a company increases the company's responsiveness and ability to secure vital resources. On the other hand, Mukutu (2016) opined that CEO duality diminishes the monitoring role of the board of directors over the executive manager, which in turn may have a harmful effect on corporate performance.

According to Robisson, Onyeanu and Obodoekwe (2013), CEO duality has its own advantages as well as disadvantages. Its advantages include clear direction of a single leader, effectiveness and efficiency of the company because the company will no longer need to employ additional person to serve as the chairman of the board and it brings substantial power because decision making will no longer have to follow a long process. The disadvantages of CEO duality include segregation of duty and lack of transparency which occurs as a result of the strong power by CEO duality (Robisson, Onyeanu&Obodoekwe (2013).

2.1.4. Financial Performance

Financial performance is that the extent to which the aims of the firm is are met (Yahaya & Lamidi, 2015). Banafa, Muturi and Ngugi, (2015) explained that the bank's financial performance is refers to how effectively a bank uses its assets from its principal role of conducting business and its subsequent generation of revenues. Also, financial performance means the overall well-being of a bank as far as finance cares over a particular period of your time. (Yahaya & Lamidi, 2015)

Profitability is usually used to measures corporate performance because it evaluates the efficiency with which plant, equipment; and current assets are transformed into profit. (Noredi & Noriza, 2010). The composition of assets and liabilities are determining by profitability of such business. Every companies include banks have an interest within the ability to use the bank's assets efficiently and effectively to form profits. Return is assessing by earnings relative to the extent and sources of financing. Financial performance focuses more on items which will affect the financial statements or reports of a firm directly (Omondi & Muturi, 2013).

2.2. Theoretical Review

2.2.1. The Shareholder Theory

This was propounded by Milton Friedman in 1970. It deals with how corporate leaders should deal in their business environment and emphasize that priority should be placed on shareholders' interest. Friedman wrote in New York Times that there is one and only one social responsibility of business which is the use of its resources to engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition, without deception or fraud. The idea of shareholders' theory is that managers primarily have a duty to maximize shareholders' interest in the way that is still permitted by law or social values.

According to this theory, the objective of the firm is to maximize shareholder wealth, in other words, a firm's only purpose is to serve the needs and interests of the firms' owners. The criteria by which performance is judged in this theory is simply taken as the market value (i.e. shareholder value) of the firm. Basman (2017) opined that shareholder wealth maximization should be the overall goal of every corporate entity. Maximization of shareholder's wealth ensures that shareholders are adequately compensated for risk undertaken. Shareholder wealth includes dividends and importantly capital appreciation of the investors' investments

2.2.2. The Stakeholder Theory

Propounded by Freeman in 1984, stakeholder theory this is often that accounts for multiple constituencies impacted by business entities like employees, suppliers, local communities, creditors et al. The idea addresses morals and values in managing a corporation, like those associated with corporate social responsibility, free enterprise and agreement theory. This theory focuses on the effect of corporate activities on all identifiable stakeholders of the corporation. It assumes that corporate managers should take into consideration the interest of every stakeholder in its governance process. This includes taking efforts to scale back or mitigate the conflict between stakeholder interests. Its further than the normal members of the corporation and also focuses on the interest of any third party that has some level of dependence upon the corporation.

2.2.3. Agency Theory

Agency Theory Propounded by Jensen and Meckling (1976), agency theory analyses the connection between the principal and therefore the agent who undertakes to perform duties for the principal and the principal undertake to reward the agent. It's a management and theory that attempts to elucidate relationships and self interest in business organizations. It describes the connection between principals/agents and delegation of control. The agency theory is predicated on the connection between the principal (owners) and therefore the agent (Managers). It arises as a result of separation of householders from managers. Agency relationship may be a contract under which principal(s) engages an agent to perform some service on behalf of the principal and delegate some decision-making authority to the agent (Jensen & Meckling, 1976). Whenever there's conflict of interest between the principal and therefore the agent, the agent may act in his own interest not the principal's. This quest of self-interest increases costs to the firm, which could include the prices of the formation of contracts, loss thanks to decisions being taken by the agents and therefore the costs of observing and controlling the actions of the agents. the consequences of such behaviour usually reflect within the firm earnings.

2.3. Empirical Review

Ahmed (2015) studied the effect of corporate governance on bank performance of Arabian Peninsula using multivariate analysis (OLS). The study noticed a significant difference between corporate governance and financial institution performance. While, board meetings and bank age have positive and significant effects on ROE. thus, board independence and bank size have negative and significant effects on ROA. The study revealed further that bank age and board committees have positive effects on margin of profit, ownership concentration features a negative effect on this profitability.

Salma and Cesario (2016) examined corporate governance impact on bank performance evidence from Europe. The study used multiple correlation analysis. The study revealed that the board size and therefore the gender diversity have a positive and significant impact on bank performance. While, large board of directors with more female members has better bank performance, thus, the board composition and therefore the CEO duality haven't any significant effect in explaining the bank performance.

Also, Saladin (2018) studied the effect of excellent corporate governance rating and bank profitability in Indonesia. The study used Panel data, pooled regression, fixed effect regression and random effect regression. The study revealed that good corporate governance is that the utmost widely significant determinant of bank profitability. The study concluded that good corporate governance and therefore the mixture of higher credit risk management and the right business strategy improve banks' profitability.

Agbaeze and Ogosi (2018) conducted a search on the effect of corporate governance and profitability in Nigerian banks. The study employed correlation and multivariate analysis to check the hypotheses. The correlation result unveiled that there exists positive relationship between profitability of Nigerian banks and company governance measured by number of members within the board of Nigerian banks. Furthermore, the study showed positive relationship between profitability of Nigerian banks and therefore the number of employees and, corporate governance measured by number of members on the board had a positive and significant impact on profitability of Nigerian banks. The study concluded that corporate governance had an impression on profitability of Nigerian banks.

3. Research Method

3.1. Model Specification

The study adopted the model employed by Adigwe, Nwanna, and John (2016) to look at the consequences of corporate governance mechanism on the financial performance of banks in Nigeria where Return on Assets (ROA) is formed a full function of the board audit committee, board composition, and directors; equity interest. Mathematically, the model is specified below:

$$ROA = f(BAC\ BOC\ DEI) \quad 3.1$$

Where:

ROA: Return on Assets

BAC: Board Audit Committee

BOC: Board Composition

DEI: Directors' Equity Interest

f = Functional Relation

The model was modified specifying ROA as a function of board size, board, gender diversity and CEO duality. The adjustment is necessary in that the importance of corporate governance to the performance level of firms is better captured comprehensively when indicators of corporate governance such CEO duality, gender diversity and board size are used. Also, the model of this study made use of the total number of employees as the control variable because employees are go-getters of any organization and that the structure of an organization determines the total number of staffs employed. Mathematically, the model is given below:

$ROA = f(CED\ GED\ BOS)$ (3.2)

Therefore equation specification in its logarithm form is then:

$$ROA_{it} = \beta_0 + \beta_3 CED_{it} + \beta_4 GED_{it} + \beta_5 BOS_{it} + U_{it} \qquad (3.3)$$

Where:

CED: CEO Duality

GED: Gender Diversity

BOS: Board Size

Where:

β_0=Intercept

it = represents the combination of time and individuality

U_{it} = error term

3.3. Definition of Variables

Variables	**Dependent Variable**
Return on Assets (ROA)	Profit before tax divided by Total Assets
	Independent Variables
Gender Diversity (GED)	The fraction of female directors to the total number of the board of directors
CEO duality (CED)	twofold variable equal to one if the CEO is the chairman of the board and zero otherwise
Board Audit Committee (BOD)	1 if there is an audit committee member in the board and 0 otherwise
	Control Variables
Total Employees	Natural logarithm of the total number of employees

3.4. Source of Data and Analysis Techniques

The study used secondary data, which was sourced from audited financial statements of the banks for ten years of operation (2008 to 2017). Since no single study can capture all the areas of the study, out of the 21 listed Deposit Money Banks in Nigeria, an easy random technique was chosen to select 10 DMBs because the study participants. The banks are Access Bank Plc, Ecobank Nigeria Plc, Fidelity Bank Plc, Guaranty Trust Bank Plc, Heritage depository financial institution Ltd, First Bank Plc, Union Bank Nigeria Plc, United Bank for Africa Plc, Wema Bank Plc. and Zenith Bank Plc. the information used for this study are secondary data, derived from the audited financial statements of the chosen 10 Deposit Money Banks listed on the Nigerian stock market (NSE) for ten years, spanning from 2008 and 2017. A number of the annual reports that aren't available within the NSE fact book was downloaded from the banks' corporate websites.

This study employed descriptive statistics of mean, variance, minimum and maximum values to explain the variables utilized in the study. This was followed by panel unit root analysis, panel co-integration analysis, and panel data multivariate analysis. Notably, the panel unit root test was conducted using Levin-Lin-Chi is vital to point out the amount of times the variables were differentiated to clear the unit root and make the info stationary. A panel co-integration test was conducted to understand the character of the connection between the variables within the end of the day. Among the varied co-integration test, this study used the Pedroni co-integration test, followed by pooled OLS estimation, fixed effect estimation, and random effect estimation and Hausman test.

4. Result and Discussion

4.1. Descriptive Analysis

Table 4.1. Descriptive Statistics of Variables

Variable	Observation	Mean	Std. Dev.	Min	Max
ROA	100	8.17	10.10	-14.28	37.55
BOS	100	9.31	2.75	4	17
CED	100	0.66	0.476	0	1
GED	100	0.102	0.096	0.00	1
TOE	100	3318	355.7	163	17132

Note: ROA is Return on Assets, BOS is Board Size, CED is CEO Duality, GED is Gender Diversity and TOE is Total Number of Employee
Source: Data Analysis (2020)

Table 4.1 reveals the summary of all the variables into account. It reveals that the mean of ROA to be 8.17, indicating that every Deposit Money Bank within the industry could make a mean of #8.17 on net investment with a better degree of risk because the returns varied at each side of the size by an outsized margin of 10.1%. Within the same vein, ROA ranged from a negative return of #14.28 to a maximum value of #37. The inference is that for each one naira invested, the industry could make a loss of #14.28 and make a maximum gain of #37.55. For the board size, 9 people constituted the typical number of members of the board across the firms within the industry, ranged from a minimum of 4 and a maximum of 17 with a lower degree of risk of two .75. Regarding the CEO duality, 66% of the CEO is additionally the chairman of the board but; the remaining 34% features a separation between the function of the chairman and CEO. GED has a mean value of 0.102 with the values of minimum and maximum given to 0 and 1 respectively.

4.2. Correlation Analysis

Table 4.2. Correlation Statistics

	ROA	BOS	CED	GED	TOE
ROA	1				
BOS	-0.2878	1			
BOC	-0.3987	0.0516			
BAC	0.1299	0.5815			
CED	0.0867	0.0807	1		
GED	0.0224	0.1576	0.0260	1	
TOE	0.0664	0.0929	0.1069	0.0130	1

Source: Data Analysis (2020)

Table 4.2 shows that there is a negative relationship between return on assets and board size to the tune of -0.2878, reflecting that both variables, return on assets and board size, move towards different directions. the result equally shows that return on assets equally maintained a positive relationship with, CEO duality, gender diversity and the total number of employees with their respective correlation coefficient of 0.0867, 0.0224 and 0.0664. The relationship between all the predictor variables is positive all through, reflecting that they all maintained a positive relationship.

Table 4.3 Pooled OLS Estimation Result

Variable	*Coefficient*	*Std Error*	*T-Test*	*Probability*
C	16.9755	5.2977	3.83	0.001
BOS	-0.2287	0.0694	2.27	0.035
CED	1.8938	11.141	0.86	0.390
GED	3.4333	0.6506	0.31	0.759
LogTOE	0.5974	0.1650	3.69	0.001

R-square=0.445, Adjusted R-square=0.4172, F-statistics=8.72, Prob(F-stat)=0.0034
Source: Data Analysis (2020)

Table 4.3 reveals that board size exerts a negative and significant effect on return on assets to the tune of -0.2287(p=0.035<0.05). Consequently, CEO duality and gender diversity exert a positive but insignificant effect on return on assets to the tune of 1.8938(p=0.390>0.05) for CEO duality and 3.4333(p=0.759>0.05) for gender diversity. Total number of employees exerts a positive and significant effect on the return on assets to the tune of 0.5974(p=0.001<0.05). Reported Adjusted R-square of 0.4445 revealed that 45% of the systematic variation in return on assets can jointly be explained by all the predictor variables while the remaining 55% could be accounted for by other variables not covered by this study. The F-statistics of 8.72 along the probability value of 0.0034 revealed that the model is fit.

Table 4.4. Fixed Effects Estimates (Cross-sectional and Period specific)

CROSS-SECTIONAL SPECIFIC EFFECT			**TIME SPECIFIC EFFECT**		
Variables	**Coefficients**	**Prob**	**Variables**	**Coefficients**	**Prob**
C	9.9042	0.001	C	2.85702	0.001
BOS	-0.9497	0.029	BOS	-2.0820	0.001
CED	1.4503	0.545	CED	0.5730	0.799
GDE	11.875	0.453	GDE	17.695	0.241
LOGTOE	0.45091	0.807	LOGTOE	0.5549	0.196
Effects			**Effects**		

ECO BANK	4.8033	0.204	2009	-2.4303	0.372
FIDELITY BANK	-1.7580	0.379	2010	3.2310	0.178
GTB	2.3720	0.020	2011	-1.2375	0.661
STERLING BANK	0.8315	0.967	2012	-1.0401	0.669
FIRST BANK	-1.6194	0.001	2013	-2.9442	0.244
UNION BANK	0.8994	0.720	2014	-2.5137	0.232
UBA	-6.5760	0.054	2015	-1.3176	0.532
WEMA BANK	-0.9323	0.005	2016	-1.6342	0.583
ZENITH BANK	0.1189	0.967	2017	-2.0426	0.383
Adjusted R-square=0.7663 F-statistics=54.46 Prob(F-stat)=0.0000			Adjusted R-square= 0.5413 F-statistics=15.75 Prob(F-stat)=0.0000		

Source: Data Analysis (2020)

Table 4.4 reveals that board size features a negative but significant effect on return on assets with the coefficient and p-value of -0.9497 and 0.029 Also, the remaining variables are CEO duality, gender diversity, and Log of total employees all have a positive but insignificant effect on return on assets. this is often further displayed with their coefficient and prob value of 1.4503(0.545), 11.875(0.453), and 0.45091(0.807) respectively. Overall, the results show that the adjusted R-square value which stood at 0.7660 implies that about 76.6% of the systematic variation reciprocally of assets of Deposit Money Banks in Nigeria was jointly caused by all the predictor variables. Also, the f-statistics and its prob. the worth which was represented with 54.46 and 0000 shows that the result was fit and statistically significant.

Also, the results of fixed effect period-specific estimation presented in table 4.4 shows that board size features a negative and significant effect on return on the asset on time-specific effect while CEO duality, gender diversity and Log of total employees have a positive and insignificant effect on return on the asset on time-specific effect for the amount covered by this study. This is often indicated by the values of the coefficient and p-value given to be -2.0820 and 0.001, 0.5730 and 0.799, 17.695 and 0.241 and 0.5549 and 0.196 respectively. Also, the adjusted R-squared shows that about 54% variations reciprocally on the asset on time-specific effect are often attributed to board size, CEO duality, gender diversity and log of total employees while the remaining 46% variations reciprocally on the asset on time-specific effect are caused by other factors not included during this model. This shows a robust explanatory power of the model. this is often further highlighted by the probability of the F-statistic given to be 0.000114 which displays that the regression outcome is statistically significant because this is often but 5%, the extent of significance adopted for this study.

Deviation from the intercept term (9.9042) like the reference firms (Access Bank) stood at 4.8033, -1.7580, 2.3720, 0.8315, -1.6194, and 0.8994. -6.5760, -0.9323 and 0.1189 for ECO BANK, FIDELITY BANK, GTB, STERLING BANK, FIRST BANK, UNION BANK, UBA, WEMA BANK, and ZENITH BANK. Within the same vein, deviation from the intercept term (2.85702) of the reference period (2008) stood at -2.4303, 3.2310, -1.2375, -1.0401, -2.9442, -2.5137, -1.3176, -1.6342 and -2.0426 for 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016 and 2017 respectively.

Table 4.5. Random Effect Estimation

Variable	*Coefficient*	*Std. Error*	*Z-Test*	*Probability*
C	10.2871	2.9077	6.79	0.000
BOS	-0.8462	0.3598	2.37	0.009
CED	2.4951	2.0646	1.21	0.227
GED	5.1647	12.720	0.41	0.685
LogTOE	4.5103	1.8671	2.59	0.003

R-square=0.4445, Wald chi2(5)=13.12, Prob> chi2 =0.0001
Source: Data Analysis, (2020)

Table 4.5 reveals that both board size exerts a negative and significant effect on return on assets to the tune of -0.8462(p=0.009<0.05. Consequently, CEO duality and gender diversity exert a positive but insignificant effect on return on assets to the tune of 2.4951(p=0.227>0.05) for CEO duality and 5.1647(p=0.685>0.05) for gender diversity. The total number of employees exerts a positive and significant effect on return on assets to the tune of 4.5103(p=0.003<0.05). Reported Adjusted R-square of 0.4445 revealed that 44% of the systematic variation in return on assets can jointly be explained by all the predictor variables while the remaining 56% could be accounted for by other variables not covered by this study. The Wald test of 13.12 along the probability value of 0.0001 revealed that the model is fit.

4.6. Discussion of Findings and Implications

The study assessed the consequences of corporate governance on the performance of Deposit Money Banks in Nigeria. From the results of the evaluation test which compared fixed effect and random effect, it had been established that the foremost consistent and efficient estimator for the investigation conducted during this study is that the random effect estimation presented in Table 4.5. it had been discovered that board size exerts a negative and significant size. This outcome gave credence to the findings of Ajala, Amuda, and Arulogun (2012) effect on the performance of Deposit Money Banks in Nigeria -0.8462(p=0.0090.05). This reflects that a tenth increase within the responsibility of the CEO would breed a rise within the performance of the banks but not during a significant way. the very fact that the CEO is additionally the board chair of the administrators has no significant impact on the bank performance because the extra responsibilities consistent with the CEO don't significantly add capacity to the CEO to influence the performance. This finding corroborates the result of Salma and Cesario (2016) that CEO duality has no significant effect in explaining the bank performance.

The last discovery is that gender diversity exerts a positive but insignificant effect on the performance of Deposit Money Banks in Nigeria to the tune of 5.1647(p=0.685>0.05). This explains that a tenth increase within the number of girls on the board of directors would engender a rise within the performance of banks insignificantly by 5.2%. The positive effect could be thanks to the overall knowledge that the presence of the feminine on the board of directors features a crucial role in increasing the board's independence since women tend to ask different questions than male directors. Moreover, female directors are considered as a hardworking person and have better communication skills which enable them to feature value within the firm by improving the decision-making ability and therefore the problem solving of the board. However, the insignificant could be hinged on the premise that ladies aren't always listened to during a congregation mostly dominated by men. This finding is in tandem with the submission of Salma and Cesario (2016) that gender diversity and CEO duality haven't any significant impact on bank performance.

5. Conclusion and Recommendations

Based on the findings, it had been concluded that corporate governance exerts a big effect on the performance of Deposit Money Banks in Nigeria. This implied that board size has no potency to stimulate a rise within the performance of banks in Nigeria in terms of return on assets. it had been also implied that, CEO duality and gender diversity can stimulate a rise within the performance of Deposit Moneys Banks in Nigeria but not during a significant way.

The study therefore, recommended that, the monitoring function of the members of the board of Deposit Money Banks should be directed at pressing must be productive and engender a rise within the profit level and therefore the management of those banks should know that tons of advantages are embedded in corporate governance if accorded the proper place within the management of the affairs

Suggestions for Further Study

This study has considered only return on assets to analyze banks' financial performance. Hence, further study should include return on equity to research corporate governance and firms' performance. This study considers only a couple of firms, observations and a limited period. Thus, there's a requirement for future research using more sample and variables to captured corporate governance and financial performance.

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