International Journal of Scientific Research in Social Sciences and Management Studies | **IJSRSSMS**
p-ISSN: 2579-101X | e-ISSN: 2579-1928
Volume 4 Number 2 December, 2019

Corporate Governance and Performance of Listed Financial Firms in Nigeria

Usman Gur Mohammed
Transmission Company of Nigeria, Abuja

Abstract

This study was necessitated by the failures of otherwise large and blue chip companies due to poor application of corporate governance principles and practice. The failure of firms in the financial sector could lead to economic crisis because of their role in financial intermediation. The Asset Management Company of Nigeria (AMCON) was established with several billions of tax payers' money in order to bail out failing commercial banks whose failures was caused in part by poor application of corporate governance. This research seeks to determine the impact of five corporate governance variables (Board Independence, Board Ownership, Board Size, CEO Duality and Multiple Codes) on the performance of firms in the financial sector of Nigeria (banks, insurance and pension administrators). The study adopts a descriptive statistics approach using means, median, maximum and minimum values. Other descriptive estimates like standard deviation and variance were also employed to analyze data collected from statistical reports of the Nigeria Stock Exchange. The regression model used is random effect model. Findings of the study indicated there was positive but insignificant relationship between three of the five corporate government variables and performance of listed financial firms, while there is a neutral and negative but insignificant relationship respectively between CEO Duality and Multiple Codes and performance of listed financial firms in Nigeria.

Keywords: Corporate governance, Performance, Multiple Code, Panel Data, Financial Sector

Corresponding Author: Usman Gur Mohammed

URL:
http://internationalpolicybrief.org/journals/international-directorate-for-policy-research-idpr-india/intl-jrnl-of-sci-research-in-social-sciences-mgt-studies-vol4-no2-dec-2019

Background to the Study

The importance of corporate governance principles in the management of corporations became more pronounced due to the last global financial crisis. The global financial crisis provided many examples of failure of corporate governance practice; consequently, regulators and policy makers are working very hard in different countries to establish reliable and effective corporate governance codes to strengthen controls.

Corporate governance consists of legal, contractual and implicit a framework that defines the exercise of power within a company that influence decision making that allows the shareholders to assume their responsibilities and ensure that their rights and privileges are respected. Evaluating corporate governance necessarily involves analyzing the power structure (shareholders, board of directors, top executives, and other managers) and how the structure affects the behaviours of decision makers and shareholders (Jean-Paul, 2005).

Corporate governance affects the development and well-functioning of capital market and invariably the economy as it directly influences resources allocation hence it has become important framework affecting industrial competitiveness of countries. There is a direct link between corporate governance, firm performance and economic growth (Maria & Thomas, 1999).

Poor implementation of corporate governance principles have been found to be the cause of the failures of many important and respected companies all over the world and literature generally supports the position that good corporate governance principles impacts positively on performance of the firm (Maher,& Anderson, 2009).

Al-malkawi and Pillai (2012) indicated country's norms, beliefs, values, beliefs and regulatory system have positive influence on corporate governance principles. Firms are influenced by formal and informal rules in their day to day operations. Kingsley and Theophilus (2012) concluded countries with history of poor corporate governance practices have been identified as having inadequate capacity to manage their resources. Therefore, corporate governance as supported by existing literature is the most important development issue affecting developing countries, Nigeria inclusive.

Inyang (2009) noted that Securities and Exchange Commission (SEC) established the Atedo Peterside Committee in 2003. Atedo Peterside Committee report became the basis of modern corporate governance practices in Nigeria. As part of the post consolidation of banks related failures; CBN issued corporate governance codes and guidelines to all banks operating in Nigeria in 2006.

Agara and Stainbank (2014) observed Nigerian banks are regulated by two applicable codes; the Securities and Exchange Commission (which is general to all listed companies) and the Central Bank of Nigeria codes which is the industrial codes that regulates deposit Banks. Nigeria firms have difficulties in complying with multiple corporate governance codes emanating from the Securities and Exchange Commission, Central Bank of Nigeria, Pension

Commission of Nigeria, Nigeria Insurance Commission; the former issues general codes while the later three issues specific industry/regulators codes (Demaki, 2011).

The financial sector has been defined as set of institutions, instruments and the regulatory framework that permits transaction to be made by incurring and settling debts; that is by extending credit. The financial system makes possible the separation of ownership of wealth from the control of physical capital. Conversely listed financial firms in Nigeria are those financial services companies that are quoted on the Nigeria Stock Exchange.

The Nigeria financial system can be generally categorized into formal and informal sectors. The informal sectors includes the money lenders, cooperatives and various saving associations which are yet to be properly developed and somehow not fully integrated into the formal financial system. The formal financial systems on the other hand are regulated by various regulatory agencies. These include the deposit money banks, insurance, pension firms, building societies, capital markets etc (Adelakun, 2010). This study concentrated on only banks, insurance and pension firms in Nigeria.

Several literature on corporate governance and the performance of firms in the financial sector in Nigeria exist. Such studies have been carried out on corporate governance or financial performance of firms in several countries by different scholars; in Indonesia, Tandelilin, Kaaro, Mahadwartha and Supriyatna (2007), Hossaim (2008), Thomson and Jani (2006), Blass, Yafeh and Tosha (1998), Chiang (2005) and Xu, and Wang (1997). Doucouliagos and Hogue (2005), Kaplan (1994). Studies in Nigeria for instance Umoh (1994), Yakasai (2001), Udofot (2006), Elewechi, (2007), Olufemi and Kenneth (2008), Adewuyi and Olowookere (2009), and Kama and Chuku (2009).

However, to be best of the knowledge of this researcher none of these past researchers examined the impact of the five corporate governance variable (Board Independence, Board Ownership, Board Size, CEO/Chairman Duality and Multiple Codes of Corporate Governance) or reviewed the corporate governance and performance of insurance, banks and pension fund administrators in Nigeria. To the best of the knowledge of the researcher there was also no study on the implications of multiple codes issues by various regulators in Nigeria on the performance of firms the financial sector in Nigeria. This research seeks to address these shortcomings.

Literature Review

Concept of Corporate Governance

Good corporate governance is an essential standard for establishing the striking investment environment which is needed by competitive companies to gain strong position in efficient financial markets. Good corporate governance is fundamental to the economies with extensive business background and also facilitates the success for entrepreneurship.

Corporate governance arises in modern corporations due to the separation of management and ownership control in the organizations. The interests of shareholders are usually conflicting with that of managers. The principal agent problem is reflected in the management and direction related problems due to the differential interests of firm's stakeholders. In view of the above there is no single definition of corporate governance if viewed from viewed from different angles. David and Brian (2011) defined corporate governance as “collection of control mechanism that an organization adopts to prevent or dissuade potentially self – interested managers from engaging in activities detrimental to the welfare of shareholders and other stakeholders.

Tabassum (2012) observed that corporate governance is the mechanism to control managers so that their decisions in managing the firm are for the benefit of the shareholders and not for their own interest. Corporate governance is expected to minimize corporate scandals, failures and ensure good images for corporations. It is expected to help companies to attract investors, suppliers and other stakeholders to the corporation.

Corporate governance consist of legal, contractual and implicit frameworks that defines the exercise of power within a company, that influence decision making that allows the shareholders to assume their responsibilities and ensure that their rights and privileges are respected. Evaluating corporate governance necessarily involves analyzing the power structure (shareholders, board of directors, top executives, and other managers) and how the structure affects the behaviours of decision makers and shareholders (Jean-Paul 2005).

Inyang (2009) noted that corporate governance facilitates the incentive for managers to ensure firm under their control is operated effectively and efficiently. It also limits the power of managers to abuse and misuse resources of the firm for their own benefit. It also creates the monitoring system that ensures corporate accountability (Benjamin 2009). Corporate governance is the process in which companies are directed and controlled. It specifies the distribution of responsibilities and the rights of stakeholders in a corporation. The typical stakeholders include board, management, shareholders, employees, creditors, regulators, host communities among others. Corporate governance specifies the rules and procedures for making decision that affects the operations of the corporation. It also provides the structures for setting the objectives of the corporation and the means of attaining the set objectives (Omolade and Tony 2014).

Agara and Stainbank (2014) observed Nigerian deposit banks are regulated by two applicable codes; the Securities and Exchange Commission (which is general to all listed companies) and the Central Bank of Nigeria codes which is the industrial/regulatory codes. Securities and Exchange Commission (SEC) specified at least 5 board memberships with diverse skills and experience. SEC codes specified board membership of listed company should comprise of executive and non-executive directors with a chairman who should be a non-executive director. Majority of the board should comprise of non-executive directors with at least one independent director.

However, the CBN code of 2006 specified bank board of not more than 20 members with majority of the director comprising of non-executive director and at least 2 independent directors who do not represent a particular shareholders interest. Demaki (2011) observed companies in Nigeria have difficulties in complying with multiple corporate governance principles emanating from regulators such as CBN, PENCOM, NAICOM and Securities and Exchange Commission which is the general codes for listed companies.

Firm Performance

Santos and Brito (2012) concluded that firm performance suffers from limited conceptualization, selection of indicators based on convenience and no proper consideration of its dimensionality. Conceptual performance dimensionality identifies five dimensions; financial performance, customer satisfaction, employee satisfaction and environmental performance. Firm performance can be classified as the most important business strategy irrespective of whether it is taken as important issue or how its use can be described as ambitious (Indiana, 2009).

Ebrahim, Abdullah and Faudziah (2014) observed that due to globalization, performances of companies are evaluated by all investors all over the world. It is a measure of determining effect of organizational resources on business performance and that marketing and accounting measures are needed to adequately measure a firm. Some of the widely used performance measures are; Return on Asset (ROA); Return on Equity (ROE); Return on Sales (ROS); Profit Margin (PM); Earning Per Share (EPS); Tobin-Q; Market Value Added (MVA); Operating Profit (OP); Growth on sales (GRO); Return on Capital Employed (ROCE) etc .Performance data used in the study is Return on Assets (ROA).

Nigeria Financial Sector

The Nigeria financial system can be generally categorized into formal and informal sectors. The informal sectors includes the money lenders, cooperatives and various saving associations which are yet to be properly developed and somehow not fully integrated into the formal financial system. The formal financial system on the other hand is regulated by various regulatory agencies. These includes the Deposit Money Banks, insurance, pension firms, building societies, capital markets (Adelakun 2010). This study concentrated on only banks, insurance and pension firms in Nigeria.

Oke (2012) stated the finance growth nexus theory-financial development promotes economic growth through channels of marginal productivity of capital, efficiency of savings to investment and saving rate. Growths through these channels are released through financial intermediation. Insurance companies plays important role in financial intermediation through risk management tools for economic players (companies and individuals through the insurance process, they collect funds and transfer them to deficit economics. Through the insurance processes they collect funds and transfer them to deficit economic units for financing real investment. The Nigeria pension reform (Pension Reform Act 2004) have created newe large pool of assets that require active management. Under the scheme employees are oblige to maintain a retirement saving account with a pension fund administrator of their choice into which both the employees and employers contribution are deposited. Since the contributory pension scheme was created, it has grown significantly in membership and fund. However regulatory restrictions have limited the channels to deploy the fund for the benefit of the economy. This has necessitated the various calls for regulatory easing of the restrictions to allow the fund to finance investment in critical infrastructure (Ekpulu, & Binalar, 2016)

Umberto, Andre and Bernult (2012) stated the financial system in an economy is always taken for granted when it is working well; its collapse or failure elicits serious consequences. Financial Sector crisis have similarities to medical illness and requires similar treatment that includes the identification of the cause. Nigeria financial sector comprise of the deposit Money Banks, Development and Specialist Banks, Microfinance Banks, Discount Houses, Insurance Companies, Pension Companies and various local traditional saving scheme. The Sector also includes the informal segment that operates outside the regulatory environment based on social network.

Victor and Samuel (2014) observed the significant growth and expansion of the Nigeria financial sector did not translate to corresponding growth and expansion of private enterprise in the country. Monetary authorities should continue the process of reforming the financial sector to ensure it meets the objective of real financial intermediation by providing the needed support to the private sector.

Umejiaku (2011) stated that prior to Structural Adjustment Programme (SAP) of 1986, Nigeria financial sector was faced with interventionist policies w3hich includes statutory interest rate ceiling,direct credit; accommodation of government borrowing, exchange controls etc. The banking sector was mainly dominated by the then big three (First Bank, Union Bank and UBA). Deregulation saw the increase 34 in 1987 to 90 in 2003 and recapitalization policy brought them to 25 big banks in 2005.

Audu and Muka'ilu (2014) observed that Islamic finance is possible in Nigeria because there is very large market for it. There is legal and regulatory environment. It is necessary because it would provide choice of investment and banking service to large section of Nigerians and ensure those who based on their moral conviction that conventional banking system is bad get a banking avenue. Such people lack access to banking services.

Theoretical Review

This study intends to look at the following theories; Agency theory which is centered on the protection of shareholder's interest (shareholder centric); Stakeholder theory is based on strong argument against the shareholder theory which focus on what can be describe as narrow objective of reducing agency cost; Stewardship theory is based on the consensus between managers and shareholders on how the firm could be managed to maximize shareholders wealth. It is believed that managers have fiduciary responsibility to the shareholders to ensure their decisions are done at all times in the best interest of the shareholders.

Resources Dependence theory is based on the existence of resources dependency among firms based on degree of their needs from the environment. Rational Apathy theory is catered on the diversity and dispersion of various shareholders who cannot constitute collective action against the management. The theory suggested technology can bring diverse shareholders together to provide collective action against management at little cost. Institutional governance variables like corporate values, principles and policies influence the behaviour of a leader (Al-Malkawi and Pillai, 2012). Norms, values, ethics and assumptions as to what can be described as appropriate behaviours are at the heart of Institutional theory. The theoretical basis of this study is based on agency theory.

Agency theory has been described as the starting point of any corporate governance debate because of how central it is to the entire discussion on the subject (Kyereboah-Coleman, 2017). An agency cost arises when the interest of shareholders who are owners of business are not in harmony with the interest of the managers who are in control of the business. Where such exist, managers may be doing investment decision to further their self-interest. The cost of monitoring the managers to ensure all their decisions conform to maximizing the welfare of the shareholders is what is called agency cost.

Modern firms suffer from separation of ownership from control because shareholders are diverse and dispersed such that they cannot come together to form a collective front against the professional managers who usually act for their self-interest instead of that of the shareholders.

Review of Empirical Studies

Aslan et al. (2010) confirm a negative relationship between board size and firm value. The benefit of having large experts on the board through the existence of large board is usually outweighed by the problems of communication and asymmetric information associated with large board. There is the possibility that the gap between ownership and control could increase as the size of the board becomes bigger. As the size of the board increases, so also would the number of independent directors who usually have little or no ownership in the firm also increases (Aslan et al., 2010).

Aslanet al. (2010) observed that CEO Duality is found to have no impact on stock market value of a firm. However, there is indication that stock market may perceive lack of separation of the position of the CEO and Chairman of the board as a bad signal especially in market crisis period. Statistically there is no significant relationship between CEO Duality and Accounting Performance. Ajanthan (2013) stated that Sri Lanka codes of Corporate Governance requires the separation of the two positions of a firm; the Chairman of the Board of Directors and the Chief Executive Officer (CEO) so that the powers of monitoring and implementation are not vested in a single person. If the two positions are combined, the monitoring role of the board of directors would seriously be compromised.

Sanda, Mikailu and Garba (2005) observed that CEO duality does not favour performance of the firm. CEO/Chairman duality is perceived to have negative impact on the performance of listed financial firms in Nigeria due to the recent experience of the country after bank consolidation that took place in 2005. Most of the Banks that had their CEO as the chairman failed after the consolidation.

Amaduet al. (2005) concluded that there is no significant relationship between outside directors and firm performance. Bhagat and Bolton (2009) observed that there was a shift in the relationship between corporate governance and performance during pre-and post-SOX Act of 2002. There was a negative relationship between operating performance and board independence but after 2002 finding shows a positive relationship between board independence and operating performance.

Guagnani (2013) stated that a board is classified as independent if it has more independent directors. The relationship between board independence and performance of the firm had been interpreted differently by researchers. Bhagat and Bolton (2009) found there is no significant relationship between number of independent directors and performance of the firm.

Ming-Cheng WU (2011) stated that there is convergence of interest on the hypothesis that suggest higher insider ownership may smoothen relationship between managers and outside shareholders interest and in the process reduce agency related problems. Insider ownership has positive relationship with firms' performance.

Board ownership could encourage board members to supervise management effectively and efficiently (Duc and Thuy 2013). There is a positive correlation between board ownership and firm's performance. Contribution of board ownership to the performance of the firm is a "double – edged sword". There is an optimal level board ownership of a firm to contribute positively to the firm performance (Duc &Thuy 2013).

Demaki (2011), stated that good corporate governance codes without undue proliferation is fundamental to corporate profitability, risk reduction and foreign capital inflows. There is need for the constant evaluation of corporate governance codes to ensure its relevance to realities of operation. Agara and Stainbank (2014) observed Nigerian deposit banks are regulated by two applicable codes; the Securities and Exchange Commission (which is general to all listed companies) and the Central Bank of Nigeria codes which is the industrial codes that regulates deposit Banks. Nigeria firms have difficulties in complying with multiple corporate governance codes emanating from the Securities and Exchange Commission, Central Bank of Nigeria, Pension Commission of Nigeria, Nigeria Insurance Commission; the former issues general codes while the later three issues specific industry/regulators codes (Demaki 2011).

Methodology

The data for this study were mainly from secondary source; they are the annual financial statement of pension administrators, banks and insurance companies that are listed on floor Nigerian Stock Exchange. The data for this study was collected for the period between 2006 and 2016. Data were collected from the financial 16 banks, 26 insurance firms and 1 pension administrator that are quoted on the floor of Nigeria Stock Exchange as at December 31, 2017.

Model Specification

This study adopted a panel regression estimation technique. Panel data is an important method of longitudinal data analysis because it allows for a number of regression analyses in both spatial (units) and temporal (time) dimensions. In Panel regression, there are three possibilities: Pooled Regression Model, Fixed Effect Model, and the Random Effects Model. These three are commonly used in empirical studies (Greene, 2008). The mode is stated thus:

$ROA_i,t = \beta_0 + \beta_1 SIZE_i,t + \beta_2 DUAL_{i,} t + \beta_3 B\text{-}IND_i,t + \beta_4 OWN_i,t + \beta_5 M\text{-}CODE_i,t + \mu_i,t$ ...1

Where:

ROA= Return on assets; proxy for accounting measure of performance.

BSIZE - Board size.

DUAL= CEO duality 1 if the CEO is also chairman of the board, 0 otherwise

B-IND = Board Independence

OWN = Board Ownership

M-CODE = multiple codes

μ_i,t = component errorterms

$B_1, \beta_2, \beta_3, \beta_4, \beta_5 > 0$

Estimation and Results

Descriptive Statistics

The table 1 shows the summary statistics for the variables used in the study. It shows the descriptive statistics for the dependent and independent variables and revealed that the mean for board size and board ownership influence the dependent variables (return on asset) more. Other three variables have low influencing effect on the return on asset. This means Board Size and Board Ownership have more impact on the performance of financial firms in Nigeria, While Board Independence, Multiple Codes and CEO Duality have little influences on Return on Asset.

Correlation analysis

Table 2 shows the correlations matrix between the dependent and independent variables. The correlation matrix shows the degree of relationship that exists between the variables. The result revealed that board size, board of directors' independence and multiple code positively influence the dependent variable return on asset with a percentage rates of 5.42%, 4.24% and 0.16% respectively. However, board of directors' ownership influences the return on asset negatively. Consequently, from the result, CEO duality indicated a zero correlation with Return on Asset. This is signifying that there is no correlation between CEO Duality and performance of financial sector firms.

Multicollinearity

Variance Inflation Factor is a technique used to check the assumption of multi-collinearity. The research adopted the Variance Inflation Factors (VIF) to detect the presence of multi-collinearity in the variables. The variance inflation factor for a predictor indicates whether there is a strong linear association between one predictor and the remaining predictors. The correlation in a situation in which two or more explanatory variables in a multiple regression are highly and linearly related, it renders one of the affected variables redundant and non-effective on the dependent variable. This shows there is no threat of multicollinearity or independent errors. The result in table 3 shows no presence of the multicollinearity since the VIF in the table are not up to 10, hence the explanatory variables are valid for estimation.

Pooled, Random and Fixed effects results

Table 4 shows the summary of results for the pooled regression, random effect and fixed effect models. The estimated results are robust because they corrected for heteroscedasticity and auto-correlation problems. The Hausman specification test in table 4 shows that the random effect model is a better estimator than the fixed effect model since the Hausman test result shows a low value of 0.17 of the Chi-square, with a p-value (0.9204) higher than 0.05 significance level. However, the random effect is also a better model than the pooled regression model because the Lagrangian Multiplier test indicated that there exists a panel effect between the random and the Pooled regression model.

Results and Discussion of Findings

Given that the result revealed that there is a positive relationship between board size and the performance of the financial firms in Nigeria. The conclusion is that the result is consistent with Agara and Stainbank (2014) who opined there is no universal standard of what is an ideal size of board.

The finding from the regression estimation shows that the coefficient of board independence was found to be positive but insignificant. Hence there is no significant relationship between board independence and the performance of the financial firms in Nigeria. This is consistent with Sanda et al. (2005) who concluded that there is no significant relationship between board of director's independence and firm performance. Bhagat and Bolton (2009) observed that there was a shift in the relationship between corporate governance and performance during pre-and post-SOX Act of 2002. There is a negative relationship between firm performance and board independence. Bhagat and Black (2002) found there is no significant relationship between board of director's independence and performance of the firm.

The regression result revealed that the coefficient of directors' ownership is positive to return on asset. The P-value is 0.805. This means that there is an insignificant relationship between directors' ownership and performance of financial firms in Nigeria. This is inconsistent with the findings of Ming-Cheng WU (2011) who stated that there is convergence of interest on the hypothesis that suggest higher insider ownership may smoothen relationship between managers and outside shareholders interest and in the process reduce agency related problems. Insider ownership has positive relationship with firms' performance. The result is also consistent with Duc, and Thuy, (2013), which stated there is a positive correlation between board ownership and firm's performance. Contribution of board ownership to the performance of the firm is a "double – edged sword" because there is an optimal level board ownership of a firm to contribute positively to the firm performance.

The findings from the regression result revealed that the coefficient of multiple codes was found to be negative and insignificant to the return on asset. The P-value is 0.706 which is greater than the significant level of 0.05. This means that there is no significant relationship between multiple codes and performance of financial firms in Nigeria. This is consistent with the findings of Aina and Adejugba (2015) who stated that multiple code disparities in the provisions of the Nigerian codes need to be harmonized with a prescriptive optimum board size for all the codes.

Conclusion

Based on the result of the analyses the following variables of corporate governance; Board Size, Directors Ownership and Board Independence were estimated to have positive but insignificant relationship with the performance of financial firms in Nigeria. The relationship between complying with Multiple Codes of Corporate Governance and Performance of financial sector firms in Nigeria was found to be negative but insignificant. The Existence of CEO Duality has no effect on the performance of financial sector firms in Nigeria.

The following findings and conclusions are made; increase in Board size, will increase the level of performance by financial firms, CEO duality has a zero effect on performance of financial firms. Board independence will bring about increase in the performance of financial firms in Nigeria (ROA). The findings from this study shows the coefficient of directors' ownership is positive but insignificant to return on asset. Finally, the result also concluded that coefficient of multiple codes was found to be negative and insignificant to the return on asset (ROA).

Recommendations

The following recommendations were made based on the findings of this study.

1. This study therefore commends increase in the number of board of directors until an optimum size is reached. At the optimum size of a board, the benefit from the experiences derived from the size of the board shall equal the cost of managing the board.
2. For the case of CEO, the study recommends that the current situation in which the office of CEO and that of the Chairman of the Board are separate across the finance industry should be maintained. The dual power in one person as CEO and Chairman could frustrate the capacity of the board to evaluate the performance of management.
3. The impact of board independence on the performance of firms in the financial sector in Nigeria shows positive but insignificant relationship. Hence, it

recommends that firms in the financial sector in Nigeria should be encouraged by regulation to increase the independence of the board.

4. The results of study show directors' ownership have positive impact on the performance of firms in the financial sector in Nigeria. These researches recommend a balance ownership between directors/insider and outsider ownership. Directors/insider ownership normally enhances the relationship between managers and owners of the firm which ultimately reduces agency related cost.
5. There should be harmony in the corporate governance codes in the financial sector in Nigeria. The harmonization of the codes will enhance monitoring of compliance thereby improving their performance which will ultimately reduce incidence of firm collapses.

References

Adelakun, O. J. (2010). Financial sector development and economic growth in Nigeria, *International Journal of Economic Development, Research and Investment* 1 (1), 1-16.

Adewuyi, A. O., & Olowookere, A. E. (2009). Impact of governance instruments on productivity of the Nigerian listed firms, *The ICPAI University Journal of Corporate Governance 8* (3), 51-67.

Agara I., & Stainbank L. (2014). An analysis of the characteristics and quality of corporate boards of listed deposit collecting banks in Nigeria, *Mediterranean Journal of Social Science MCSER* 5(8), 23-45.

Ajanthan, A. (2013). Impact of corporate governance practices on firm capital structure and profitability: a study of selected hotels and restaurant companies in Sri Lanka. *Research Journal of Finance and Accounting,* 4 (10).

Al-Malkawi H. A.,& Pillai R. (2012). Internal mechanism of corporate governance and firm performance: a review of theory and empirical evidence, *Journal of Modern Accounting and Audit 8.* (4)

Aslan H. & Kumar P. (2012). Strategic Ownership structure and the cost of debt, *Oxford Journal: Review of financial studies. 25* (7)

Amadu, S., Aminu, S. M, & Tukur, G. (2005). Corporate governance mechanism and firm performance in Nigeria, *African Economic Research Consortium AERC Research Paper 149*

Audu B. & Muka'ilu A. (2014). Challenges and solutions to Islamic banking Systems in a Pluralistic –Secular Country like Nigeria, *Mediterranean Journal of Social Science 5* (6)

Bhagat, S., & Bolton, B. (2009). Corporate governance and firm performance: Recent evidence, *Leeds School of Business Research Paper Series*

Benjamin, J. I. (2009). Nurturing corporate governance system: The emerging trends in Nigeria, *Journal of Business Systems, Governance and Ethics 4* (2)

Blass, A. Y. Yafeh,B. & Yosha, O. (1998). Corporate governance in an emerging market: The case of Israel, *Journal of Applied Corporate Finance,* 10, 79-89.

Chiang, H. (2005). An empirical study of corporate governance and corporate performance, *The Journal American Academy of Business PP. 95-101.*

Choi T. H. & Pae J. (2011). Corporate governance commitment to business ethics and firm valuation: evidence from Korea stock market. *Journal of Business Ethics, 100* (2), 323-348

David, L., & Brian, T. (2011). *Corporate governance matters: A closer look at the organizational Choices and Consequences* FT Press (Pg 8-9)

Demaki, G. O. (2011). Proliferation of codes of corporate governance in Nigeria and economic development, *Business and Management Review* 1 (6)

Doucouliagos, H. & Hogue, M. Z. (2005).Corporate governance and Australian Bank Stock prices, *unpublished paper, Deakin University, Melbourne.*

Duc, V.O., & Thuy, P. (2013). Corporate governance and firm performance: Empirical evidence from Vietnam. *Economic Regulation Authority*, Perth, Australia

Ebrahim M.A., Andullah K. A. & Faudziah H. B. (2014). The measurement of firm's performance dimensions, *Asian Journal of Finance and Accounting 6*. (1)

Elewechi, O. (2007). *Corporate Governance in Nigeria the status quo*, Oxford UK: Blackwell Publishing Ltd

Ekpulu, G. A & Binalar, P. F. (2016). Pension fund in Nigeria: An appraisal, *Quarterly Journal of Contemporary Research,* Federal University of Otuoke. 1 & 2

Greene, W.H. (2008). *Econometrics Analysis 6th ed*, New Jersey: Prentice Hall.

Hossaim, M. (2008). The extent of disclosure in annual reports of banking companies: The case of India, *European Journal of Scientific Research, 33 (4), pp.659-680.*

Jean-Paul, P. (2005*). Corporate governance and value creation, research foundation of CFA Institute*

Jensen, M. C. & Mechling, D. (2000). *A theory of the firm, residual claims and organizational forms*, Harvard University Press.

Kama,U. & Cuku, C .(2009). Corporate governance of banks in Nigeria: Determinants of board of director's effectiveness. *CBN Economic and financial Review 47 (1) pp 17-42*

Kaplan, S. (1994). Top executives, turnover and firm performance in Germany, *Journal of Law, Economics and Organization, 10, 142-159.*

Kingsley, T., & Theophilus, W. (2012). Corporate governance and firm performance: Evidence from insurance sector of Ghana, *European Journal of Business and management*. 4 (13).

Kyereboah-Coleman, A. (2007). Corporate governance and firm performance in Africa: A dynamic panel data analysis *International Conference on corporate governance in emerging markets.* November 2007 Istanbul Turkey

Liam P. (2016). Brixmore top executives manipulated financials. *Wall Street Journal Europe Edition Updated February 8*

Maher, M., & Andersson, A. (1990). *Corporate governance: effect on firm performance and economic growth organization for economic cooperation and development publication* (OECD (1999)

Maria, M., & Thomas, A. (1999). Corporate governance: effects on firm performance and economic growth, *Organization for Economic Cooperation and Development.*

Ming-Cheng, W., Hsin-Chiang, L., I-Cheng, L., & Chung-Feng, L. (2011). The effects of corporate governance on firm performance *department of business education, National Changhua University of Education*

Oke M. O. (2012). Insurance sector development and economic growth in Nigeria, *African Journal of Business Management 6* (23)

Olufemi, A. & Kenneth, A. (2008). Galvanishing shareholder activitism: A prerequisite for Effective Corporate Governance and Accountability in Nigeria, *Journal of Business Ethics UK.*

Peter O. Mulbert (2009). Corporate governance of banks, *European Business organization Law Review. 10*

Sanda, A. U., Garba, T., & Mikailu, A. S. (2008). Board independence and firm financial performance: evidence from Nigeria. In Paper submitted to the centre for the Study of African Economics (CSAE), for Presentation at the CSAE Conference.

Santos J. & BritoLuiz, S. (2012). Toward subjective measurement model for firms performance, *Brazilian Administrative Review 9*

Tabassum N. (2012). Internal governance mechanism and performance of listed companies in Pakistan, *BBS Doctoral Symposium* Brunel Business Scholl.

Tandelilin E, Kaaro, H., Mahadwartha, P.A. & Spriyatha, O. (2007). Corporate governance, risk management and bank performance; Does types of ownership matter?, *EADN working paper No34.*

Thomson, D. & Jani, A. (2006). Corporate Governance failure and its impact on national Australia Bank's Performance, *Journal of Business Case studies 1 (3) PP. 41.*

Umberto P. Andre M. & Bernult B. (2012). Financial sector and sustainable development: logics principles and actors. *European Sustainable Development Network Quarterly Report No. 27*

Umejiaku R. I. (2011). Financial reform and financial development in Nigeria: graphical analysis. *An International Multi-dimensional Journal, Ethiopia, 5* (3) No. 20

Udofot, P.O. (2006). Corporate governance and sustainable development, *The Strategic Nexus Journal of Business Management 1* (2) University of Uyo, Nigeria.

Umoh, P. I.(1994). The problems of corporate governance in the Nigerian banking industry as in *Egwuonwu R. Book of readings*, Strides Associates, Lagos.

Victor C.O. & Samule J. E (2014). An empirical assessment of financial sector development & economic growth in Nigeria, *International Review Management and Business Research 3* (1)

Xu, X. & Y. Wang (1997). Ownership structure, corporate governance, and firm's performance: The case of chinese stock companies, *Working Paper, World Bank.*

Yakasai, G.A. (2001). *Corporate governance in a third world country with a particular reference to Nigeria*, Blackwell Publication UK.

Appendices

Table 1: Descriptive statistics

Variable	Obs	Mean	Std. Dev.	Min	Max
ROA	410	1.018529	7.304383	-78.32	20.76
BSIZE	409	11.19599	3.330823	5	20
DUAL	414	0	0	0	0
B-IND	410	.5857902	.1599506	0	.88
OWN	410	59.45069	656.6078	-11.9	13129.3
M-CODE	414	.3961353	.4896849	0	1

Table 2: Correlation Analysis

	ROA	BSIZE	DUAL	B-IND	OWN	M-CODE
ROA	1.0000					
BSIZE	0.0542	1.0000				
DUAL	.	.	.			
B-IND	0.0424	-0.0499	.	1.0000		
OWN	-0.0069	-0.0868	.	-0.2089	1.0000	
M-CODE	0.0016	0.6731	.	-0.1283	-0.0632	1.0000

Table 3: Multicollinearity test

Variable	VIF	1/VIF
M-CODE	1.87	0.535165
BSIDE	1.84	0.543795
B-IND	1.08	0.929451
OWN	1.06	0.943588
Mean VIF	1.46	

Table 4: Summary of Pooled, Random and Fixed effects results

	POOLED REGRESSION		RANDOM EFFECT		FIXED EFFECT	
	Coeff	**P-value**	**Coeff**	**P-value**	**Coeff**	**P-value**
BSIZE	0.2082	(0.159)	0.1685	(0.332)	0.1522	(0.437)
DUAL	0	(0)	0	(0)	0	(0)
BODIN	1.8624	(0.436)	2.8050	(0.346)	3.4902	(0.326)
BOWN	0.0000698	(0.902)	0.0001305	(0.805)	0.0001648	(0.762)
M-CODE	-0.8436	(0.404)	-0.6222	(0.706)	0	(0)
CONST	-2.0695	(0.391)	-2.2581	(0.379)	-2.7426	(0.368)
R^2	0.0067		0.0062		0.0045	
N	409		409		409	
F*	0.68 (0.6052)		1.87 (0.7594)		0.52(0.6655)	
Corr (U_i,X)	0		0		-0.0496	
Lagrangian Multiplier test	69.91 (p-value -0.0000)					
Hausman Test			0.17 (P-value 0.9204)			