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CORPORATE GOVERNANCE AND PERFORMANCE OF BANKS IN NIGERIA

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ABSTRACT

This study examines corporate governance and bank performance in Nigeria. The specific objectives of the study are to determine the impact of board size, board independence, audit committee size, bank size on deposit money banks' performance in Nigeria within twenty (20) years (2001 - 2020). The longitudinal research design is used in this study. The sample will focus on five deposit money banks in Nigeria which are Access

Introduction

Corporate governance is a system by which business corporations are directed, controlled and generally led. The corporate governance structure specifies the distribution of power, rights and responsibilities amongst the different participants in the corporation such as, the board, managers, shareholders and other stakeholders. It spells out the rules and procedures for making decisions as well as conflict resolution in the organization (Kajola, 2009). Corporate governance concept started in the nineteenth century when the United States corporation laws improved the privileges of corporate board without consistent assent of shareholders. They did it in return for statutory advantages in order to appraise the rights with the aim to make corporate governance more effective (Inyanga, 2009). Corporate governance in the banking system has assumed a heightened importance and hence become an issue of global concern. This is so because an efficient banking system leads to enhanced service delivery and deepening of financial intermediation, thereby engendering proper management of the operation of banking institutions. To ensure this, both the board and management of banks have key roles to play in instituting good corporate governance (Sunday, 2008). The separation of ownership and control in banks creates the potential for conflict of interest between directors and shareholders. Agency problem exists at all levels of management within banks, between the owners and managers, between large and small investors, between

Bank Plc, Fidelity Bank Plc, First Bank of Nigeria Plc, United Bank for Africa Plc and Zenith Bank Plc. The findings reveal that board size (BSZ) has negative relationship with both profit after tax and shareholders fund and has no statistically significant impact on both profit after tax and Shareholders fund, board independence (BINDEP) has a negative relationship with profit after tax and shareholders fund. But has no statistically significant impact on profit after tax and shareholders fund, audit committee size (ACOMSZ) has positive significant relationship with profit after tax and shareholders fund, but not statistically significant with both dependent variables (Profit after tax and shareholder) and Bank Size (BNKS) has a positive and statistically significant impact on corporate governance. Amongst other recommendations the study recommends that in order to boost total assets (bank size) there is need to increase bank's profitability, as such banks' should make sure that a lot of huge proportion of their cash and dues to productive investments.

Keywords: transparency, accountability, Shareholders fund, corporate governance, profit after tax

different types of investors, between levels of managers and so on. To build shareholders and other stakeholders' confidence on the activities of management, there is the need for good corporate governance practices in banks (Bouri & Bouaziz, 2007).

Corporate governance is the blood that fills the veins of transparent corporate disclosure and high-quality accounting practices. Thus it ensures the conformance of corporation with the interests of investors and society, by creating fairness, transparency and accountability in business activities among employees, management and the board. The issue of corporate governance has been further intensified following the demise and financial reporting scandals experienced by some highly rated corporate organizations such as WorldCom; Enron, Aldelphia, Parmalat, Cadbury, Satyam, Sunbeam and an unprecedented number of earnings restatements around the world (Jian & Wong, 2004), and claims of blatant earnings manipulation by corporate management. Numerous nation leaders throughout the world have expanded worry over corporate governance because of the expansion of reported instances of fraud, insider issues, agency strife among different enterprises saga (Enobakhare, 2010). Corporate failure was as of late seen in both developed and developing nations with the reported instances of the East Asia emergency of 1997/98. The emergency exuded from the poor governance rehearses from the financial sector in the East Asia mortgage market. Since home loan market was the mother of the crisis, this has set off the world leaders to sanction a few laws, which increases banks governance. This view was upheld by Ahmad (2006) who contended that a sound financial system requires adequate infrastructure to support efficient conduct of banking business operating environment, governance and administrative structure at local and in addition universal levels to decrease bank crisis.

In the past decades, the Nigerian banking history has witnessed a series of distress and failures, for instance, the liquidation of Abacus Merchant bank Ltd; Allied Bank of Nigeria PLC; Allstates Trust Bank Plc; Amicable Bank of Nigeria PLC; Lobi Bank of Nigeria Ltd; Metropolitan-Bank Ltd; North-South Bank Nig Ltd, etc. Banks that have performed well have reported big losses unexpectedly as a result of credit-exposures that have turned sour, interest rate place taken, in addition to that exposure that might or might not have been thought to be hedge balance-sheet risk. (Olumuyiwa & Babalola, 2020).

However, this study will fill the above gap by disaggregating corporate governance into Board size, Board independence, Bank Size, Audit Committee size and look at its impact on the banking performance. Therefore the study is aimed at ascertaining the impact of corporate governance on banks' performance in Nigeria.

The general objective of the study is to examine the impact of corporate governance on bank performance in Nigeria. The specific objectives are to; determine the impact of board size, board independence, audit committee size, bank size on deposit money banks' performance in Nigeria within twenty (20) years (2001 - 2020). The choice of this period is based on the fact that it covers both the past and recent developments of the Nigerian banks including the era of Banks' Consolidation and global financial crisis. It examines all the entire deposit money banks' in Nigerian economy, while specific sample size are five deposit money banks' in Nigeria. They include Access Bank Plc, Fidelity Bank Plc, First Bank of Nigeria Plc. United Bank for Africa Plc, Zenith Bank Plc. The reason for selection of these deposit money banks as against other financial institutions and non- financial institutions is that they did not only Survived the capitalization process also they served as correspondent and financial settlements to other bridged banks and non-banks financial institutions.

Review of Related Literature

Conceptual Review

There is no all-around acknowledged meaning of corporate governance. The term corporate governance has been indentified to mean different things to different people. Kajola (2009) stressed that corporate governance is an important concept that relates to the way and manner in which financial resources available to an organization are judiciously used to achieve the overall corporate objective of an organization in business and creates a greater prospect for future opportunities. Good corporate governance expands the productivity and long haul estimation of the firm for shareholders (Khanchel & Mehdi, 2007). Fernando, (2019) opines that corporate governance idea has performed respectably as a topic, a goal and as an governance in connection to shareholder workers clients, brokers and to be sure for the notoriety and achievement of a country and its economy. The Organization of Economic Cooperation and Development OECD (1999) clarifies the ideas of corporate governance as the framework by which business enterprises are coordinated and controlled for the better of partners and shareholders. Right now analysts worldwide have confronted a few difficulties in attempting to investigate the impact of corporate governance on corporate performance. A test was found to be the perfect measure of corporate governance, as there is no generally acknowledged measure of corporate governance (Calabrese, Costa, Menichini, Rosati, & Sanfelice, 2013).

Board Size:

Board size is the number of directors on the board. Finding the right board size that affects its capacity to function efficiently and effectively has been a matter of continuing debate. Board size is additionally a vital and pertinent part of bank performance. There are likewise disparate perspectives as respects the impact of board size on banks' performance. Lipton and Lorsch (1992) archive that there is a backwards relationship between board size and bank performance. Yermack (1996) contended that board estimate between six (6) and fifteen (15) will yield ideal result. The board of directors is typically the governing body of the organization. Its primary responsibility is to make sure that the organization achieves the shareholders' goal. The board of directors has the power to hire, terminate, and compensate top management (Andres & Lopez, 2005). Academic studies, based on management discipline, also consider board of directors as a main driver behind company's performance (Kiel & Nicholson, 2007).

H_{01}: Board size does not have any impact on deposit money banks' performance in Nigeria

Board Independence:

Board autonomy has a noteworthy association with bank performance. The board freedom demonstrates the members from board members that constitute the bank. Independence occurs when a board member has not been and is not currently employed by the company or its auditor and the board member's employer does not do a significant amount of business with the company. Board independence was given legal definition and direction in 2002 in the Sarbanes-Oxley legislation. Company boards should have an independent majority. An independent majority on the board is more likely to consider the best interests of shareowners first. It also is likely to foster independent decision-making and to mitigate conflicts of interest that may arise (Roger, 2008). Independent directors would provide a variety of independent thinking, and majority of them could reduce the dangers of 'group think'. Some researchers also analysed the relationship of the Chief Executive Officer (CEO) with the board's independence. Berghe and Baelden (2005) viewed the issue of independence as an important factor in ensuring board effectiveness through the monitoring and strategic roles of the directors. The ultimate factor for the board independence is by acquiring enough numbers of the independent directors on board. They stated that the director's ability, willingness and board environment might lead to the independent attitude of each director. However, this study hypothesizes that:

H_{02}: There is no significant relationship between board independence and deposit money banks' performance in Nigeria.

Bank Size:

Bank size is measured as the natural logarithm of the value of total assets in possession of the study deposit money banks. The size of banks is an important issue as banks play a central role in most countries' financial systems and are, for various reasons, tightly regulated and supervised. Serwadda (2018) stated that the size of banks is crucial because the industry

Agrawal and Knoeber (1996) report an ambiguous relationship between the bank size and firm performance. Joh (2003) argue that larger banks have better opportunity than the smaller ones in creating and generating funds internally and accessing external resources. In addition, larger banks might benefit from economies of scale by creating entry barriers with a positive effect on firm performance. Furthermore, Jensen (1993) points out that firm size may be used as a proxy for the agency problem. He reports that managers have motivation to increase the firm size beyond the target which will indicate more power, when the amount of assets under their control is larger. Fama and Jensen (1983) argue that as the bank size increases the firm becomes more diversified. This means that larger can explain the natural complexity of the company.

Audit Committee Size:

This is another arm of corporate governance instruments that influences bank's performance. Audit committee independence over-see the organization's management, internal and external auditors to protect and preserve the shareholders' equity and interests. To ensure effective corporate governance, the audit committee report should be included annually in the organization's proxy statement, stating whether the audit independence has reviewed and discussed the financial statements with the management and the internal auditors (Vafeas, 2005). The substance of review board is to upgrade control and enhance uprightness of operations and revelation. Kaka and Chukwu, (2019) avowed the positive relationship between review board of trustees and bank performance while Klein, (2002) contended that a negative relationship exist between

Audit council and strange collections, this is reliable with the current discoveries. Audit committee effectiveness maintain that the size of the audit committee is one of the significant attributes that contribute to its effectiveness. The importance of the audit function in terms of the audit independence and audit firm is further strengthened by the Sarbanes-Oxley Act of 2002. A public or state-owned company must have an audit committee consisting of at least three members, unless it is a subsidiary of another company with an audit committee that will perform the functions of the audit committee of the subsidiary (Kaka & Chukwu, 2019). The study concludes by hypothesizes as:
H_{04}: Audit committee size does not affect deposit money banks' performance in Nigeria.

Deposit Money Banks' Performance

Banks performance in Nigeria in the course of the most recent decade stayed unremarkable. The benefit before duty (PBT) of the banks changed particularly somewhere around 2002 and 2005, and has declined continuously since 2008. For example the benefit before expense which was 80.8% in 2000 fell drastically and recorded lost 13.95%. Despite the Fact that PBT topped at 287.2% in 2007, it nose plunged to 49.14% in 2008 (Obamuyi, 2012). This infers the chances of banks in Nigeria to make benefit are bit by bit lessening. The declining benefit cloud have been brought about by the worldwide financial emergencies, the initial three emergencies in the managing an account part and the way that a portion of the criteria generally utilized the measure the performance of the banks have been bargain by the Central Bank Nigeria (Obamuyi, 2011). The prior affirm the stress of Sharma and Mani (2021) that the performance of banks has turned into a noteworthy sympathy toward financial organizer and arrangement producers because of the way that the additions of the genuine division of the economy rely on upon who proficient the banks are playing out the capacity of budgetary intermediation.

Theoretical Review

Agency theory

Agency theory was originally proposed independently by Stephen Ross and Bany Mitnick in the 70's primarily for addressing the problems that exist between principal (shareholders) and the agents (managers). This theory states that managers create agency costs for the firm by not working for the maximization of shareholders wealth.
The Agency hypothesis was propounded by Mitnick, (1986) who clarifies that the agency theory of corporate governance considers shareholders to be the chief and governance as their specialists. Specialists notwithstanding act with normal self-enthusiasm as representative executive of organization; they have a tendency to expand their financial pay work security and different livens and do close to try to assuage shareholders. They

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can, at the end of the day be relied upon to act in light of a legitimate concern for the shareholders.

Stakeholder theory

Stakeholder theory incorporated the accountability of management to a broad range of stakeholders. It states that managers in organizations have a network of relationships to serve –this includes the suppliers, employees and business partners. The theory focuses on managerial decision making and interests of all stakeholders have intrinsic value, and no sets of interests is assumed to dominate the others (Abdulsalam, 2015). The theory related to this determines that management may select to disclose the information in different settings strategically (Homayoun & Abdul Rahman, 2010). For instance, Kelton and Yang (2008) showed that there are eight types of disclosures. In characterizing stakeholder theory, Freidman and Miles (2002) express that bank is an arrangement of partner working inside the bigger arrangement of the general public that gives the vital lawful and market foundation for the bank's exercises. The motivation behind the bank is to make riches or esteem for its partner by changing over their stakes into good governance.

Stewardship Theory

The steward theory states that a steward protects and maximizes shareholders wealth through firm Performance. Stewards are company executives and managers working for the shareholders, protects and make profits for the shareholders. The stewards are satisfied and motivated when organizational success is attained. It stresses on the position of employees or executives to act more autonomously so that the shareholders' returns are maximized.

The employees take ownership of their jobs and work at them diligently (Sayogo, 2018). In the stewardship hypothesis, Managers are good stewards of the organization and steadily work to accomplish abnormal state of corporate benefit and shareholders' profits (Donaldson & Davis 1991). Donaldson and Davis take note of that administrator are essentially' roused by accomplishment and obligation needs and given the need of chief to be dependable. Self-coordinated work association might be better off to free administrators from subservience to non official executive named sheets. As indicated by Donaldson and Davis most scientist into sheets have has their earlier conviction the country that autonomous sheets are good thus in the end create the normal discoveries.

Empirical Review

Al-Ali (2020) examined bank staffing level effect on bank's performance. Using the data of ten Kuwaiti banks over the period 2008-2018, results showed a negative relation between number of employees and bank's profitability but that relation was not statistically significant.

Al-Ali, and Al-Fadhli, (2021) when examining the effect of bank size on the financial performance of Kuwaiti banks showed that although there was a relation between number of staff and number of bank branches with bank's financial performance that relation was statistically insignificant. The level of bank branches numbers has seen a global decline in the past years due to the introduction of technology aided banking, such as e-banking and mobile-banking.

Molla, Islam, and Rahaman (2021), By employing the two-step SGMM, the authors find statistical evidence to conclude that board size has a positive impact on banks' accounting performance. However, it does not influence the market performance of banks operating in Bangladesh. The authors' results also suggest that outside independent directors, managerial ownership and females' participation on the board are not linked with the performance of the listed banks in Bangladesh. It signifies that the mere presence of outside directors and female directors in the board does not guarantee the enhancement of banks' performance and the minimization of agency conflict between shareholders and management.

Berma, Ahmed, Burak, and Ibrahim (2021). examines the relationship between the structure of corporate governance and performance in the banking sector. A sample has been selected using the generalized method of moment (GMM) approach. The sample consists of data from a total of 33 Turkish, Tunisia, Morocco and Lebanon banks which are listed in stock during the period between 2012 and 2017. Since this paper emphasizes corporate governance, a "Board Characteristics Index" was developed based upon four different aspects of the board composition board leadership structure, board member characteristics and board committee structure. It also demonstrates how the overall index relates to banking performance. The results show that the governance index, which aggregates with the four sets of board attributes relate significantly and positively with return on assets.

Ma'aji, Anderson, and Colon, (2021), the study has conducted empirical research on the relevance of good corporate governance practices to bank's performance. The research contributions are two folds. First, the descriptive analysis of the bank dataset documents several interesting features about the corporate governance practices among banks in Cambodia. Over the study period between 2014 to 2018, banks in Cambodia have seen on average an increase in profitability. Furthermore, banks are having a substantially higher percentage of NEDs on their board, there is a high implementation of governance procedures on board committees were on average banks in Cambodia are having more than the required two board committees (audit and risk committees) as per required by the Prakas on the governance of banks by NBC. The average board size is around eight members of which at least three members are having a postgraduate degree or a professional qualification. This requirement implies that the quality of each board member will contribute significantly and positively to management decisions which are then translated into the firm's performance.

METHODOLOGY

The longitudinal research design is used in this study. The reason for choosing this research design is the fact that it involves repeated observations of the same variables over a period of time. The population of the study is the entire deposit money banks in Nigeria for the period of twenty years (2001-2020). The sample will focus on five deposit money banks in Nigeria. They include Access Bank Plc, Fidelity Bank Plc, First Bank of Nigeria Plc, United Bank for Africa Plc, Zenith Bank Plc.

The researcher thus proposes the panel information model below. Functional form of Equations:

PAT = F(BSZ, BINDEP, BNKSZ, ACOMSZ) - - - (v)

SHF = F(BSZ, BINDEP, BNKSZ, ACOMSZ) - - - (vi)

While the econometric form of the model is:

$PAT_{it} = \beta_0 + \beta_1 BSZ_{it} + \beta_2 BINDEP_{it} + \beta_3 BNKSZ_{it} + \beta_4 ACOMSZ_{it} + e_{it}$ - - (vii)

$SHF_{it} = \beta_0 + \beta_1 BSZ_{it} + \beta_2 BINDEP_{it} + \beta_3 BNKSZ_{it} + \beta_4 ACOMSZ_{it} + et$ - -(viii)

i = cross – sectional variables from 1, 2, 3 …………………….20

t = time series variables form 1, 2, 3 …………………………20

Where; PAT_{it} = Profit after tax of banks i at the end of year t proxy for bank performance, SHF_{it} = Shareholders Fund of banks i at the end of year t proxy for bank performance, BSZ_{it} = Board size of bank i at the end of year t. BSZ = Executive director + Non-Executive director $BINDEP_{it}$ = Boards independence, BINDEP = Ratio of non-executive board members to the total board members. Theoretical expectation is depicted as: $\beta_1, \beta_2, < 0$ and $\beta_3, \beta_4 > 0$, β_0 is to take care of the Constant Variable,

Empirical results and Analyses

Table 1: Results of the Descriptive Statistics

	PAT	SHF	BSZ	BINDEP	ACOMSZ	BNKSZ
Mean	6132769.	48001467	13.87000	4167.183	5.540000	3.75E+08
Median	41348.50	357826.0	14.00000	0.513158	6.000000	2505512.
Maximum	80039329	6.54E+08	20.00000	416667.0	9.000000	7.62E+09
Minimum	-55245.00	8427.000	5.000000	0.111111	1.000000	187248.0
Std. Dev.	16979824	1.27E+08	3.667094	41666.65	1.217880	1.19E+09
Skewness	3.133683	2.981076	-0.520748	9.849371	-1.796293	4.237815
Kurtosis	11.80503	11.46385	2.700235	98.01010	7.907344	22.28033

Jarque-Bera	486.7021	437.6679	4.894057	39229.00	154.1196	1848.198
Probability	0.000000	0.000000	0.086550	0.000000	0.000000	0.000000
Sum	6.13E+08	4.70E+09	1387.000	416718.3	554.0000	3.75E+10
Sum Sq. Dev.	2.85E+16	1.56E+18	1331.310	1.72E+11	146.8400	1.40E+20
Observations	100	98	100	100	100	100

Source: Researchers Computation (E-views 9) 2021.

The result of the descriptive statistics shows that the mean value of Profit after tax (PAT) over the 100 observations period is 6132769, with a minimum value of -55245.00, maximum value of 80039329. The skewness and kurtosis of the variable shows 3.133683 and 11.80503, this shows there are less out layer. The Jarque – Bera statistics test of normality of PAT shows 486.7021 with a probability of 0.00000 indicating that PAT has dependent variable (regressor) has significant relationship with the independent variables (regressands). The standard deviation of PAT shows 2.85E+16 with 100 observations. The result of the descriptive statistics shows that the mean value of Share holders fund (SHF) over the 100 observations period is 48001467, with a minimum value of 8427.000, maximum value of 6.54E+08. The skewness and kurtosis of the variable shows 2.981076 and 11.80503, this shows there are less out layer. The Jarque – Bera statistics test of normality of SHF shows 437.6679 with a probability of 0.00000 indicating that SHF dependent variable (regressor) has significant relationship with the independent variables (regressands). The standard deviation of SHF shows 1.27E+08 with 100 observations.

The descriptive statistics of board size (BSZ) shows a mean value of 13.87000, median of 14.00000, minimum value of 5.000000, maximum value 20.00000. The skewness and kurtosis of the variable shows -0.520748 and 2.700235, these shows there are less out layer. The Jarque – Bera statistics test of normality of BSZ shows 4.894057 with a probability of 0.086550 indicating that dependent variable (regressor) profit after tax (PAT) has significant relationship with the board size (regressand) BSZ. The standard deviation of BSZ shows 3.667094 with 100 observations.

The descriptive statistics of board independent (BINDEP) shows a mean value of 4167.183, median of 0.515158, minimum value of 0.1111, maximum value 416667.0. The skewness and kurtosis of the variable shows 9.849371 and 98.01010, these shows there are less out layer. The Jarque – Bera statistics test of normality of BSZ shows 39229.00 with a probability of 0.000000 indicating that dependent variable (regressor) profit after tax (PAT) has significant relationship with the independent variables (regressands). The standard deviation of BINDEP shows 4.1666.65 with 100 observations.

The descriptive statistics of audit committee size (ACOMSZ) shows a mean value of 5.54000, median of 6.00000, minimum value of 1.000000, maximum value 5.00000. The skewness and kurtosis of the variable shows -1.796293 and 7.907344, these shows there are less out layer. The Jarque – Bera statistics test of normality of ACOMSZ shows 154.1196 with a probability of 0.00000 indicating that dependent variable (regressor) profit after tax (PAT) has no significant relationship with the board size (regressand) BSZ. The standard deviation of BSZ shows 1.217880 with 100 observations.

The descriptive statistics of bank size (BNKSZ) shows a mean value of 3.75E+08, median of 2505512, minimum value of 187248.0, maximum value 7.62E+09. The skewness and kurtosis of the variable shows 4.237815 and 22.28033, these shows there are less out layer. The Jarque – Bera statistics test of normality of BNKSZ shows 1848.198 with a probability of 0.000000 indicating that dependent variable (regressor) profit after tax (PAT) has significant relationship with the independent variables (regressands). The standard deviation of BNKSZ shows 1.19E+09 with 100 observations. The result shows that the variables are leptokurtic (positive excess kurtosis), the other regression variables are platykurtic (negative excess regression variables). Kurtosis measures the degree of peak in distribution. The regression data are positively skewed; this is evident in the histogram normality test.

Dependent Variable: PAT
Method: Panel Least Squares
Date: 11/13/21 Time: 14:41
Sample: 2001 2020
Periods included: 20
Cross-sections included: 5
Total panel (balanced) observations: 100

Variable	Coefficient	Std. Error	t-Statistic	Prob.
BSZ	-106608.2	175357.5	-0.607948	0.5447
BINDEP	-3.141121	14.53229	-0.216148	0.8293
ACOMSZ	36335.81	517994.2	0.070147	0.9442
BNKSZ	0.013468	0.000521	25.84486	0.0000
C	2373337.	3245545.	0.731260	0.4664
R-squared	0.879942	Mean dependent var	6132769.	

Adjusted R-squared	0.874887	S.D. dependent var	16979824	
S.E. of regression	6005982.	Akaike info criterion	34.10312	
Sum squared resid	3.43E+15	Schwarz criterion	34.23338	
Log likelihood	-1700.156	Hannan-Quinn criter.	34.15583	
F-statistic	174.0715	Durbin-Watson stat	1.782692	
Prob(F-statistic)	0.000010			

Source: Researchers Computation (E-views 9) 2021.

Table 4.1 presents the result of the fixed effect model. The adjusted R-squared value of 0.874887 shows that 87.49% of the systematic cross-sectional variation in the dependent variable of profit after tax (PAT) is explained or predicted by the explanatory variables of board size (BSZ), board independent (BINDEP), audit committee size (ACOMSZ), bank size (BNKSZ). The coefficient of determination is a goodness-of-fit measure of the extent to which the linear regression equation fits our data. On the basis of the overall statistical significance of the model, we observe that the F-statistic of 174.0715 with a probability value of 0.000000<0.005 at the 95% confidence interval is indicative of a significant linear relationship between the regressand of profit after tax and the regressors. The Durbin-Watson statistics of 1.782892 is relatively close to the 2.00 benchmark and indicative of the absence of first-order autocorrelation in the regression residuals. The study found that board size is negative and statistically significant with a robust coefficient of -106608.2, t-statistic value of -0.607948 and probability value of 0. 5447. The study found that board independence is negative and statistically significant with a robust coefficient of -3.141121, t-statistic value of -0.216148 and probability value of 0.8293. The implication of this finding is that the board independence does not necessarily result in corporate governance of firms. Therefore, the negative relationship between board independence and profit after tax may not be unexpected and therefore except that board independence has no significant relationship with corporate governance proxy to profit after tax (PAT).

The study found that audit committee size is positive and statistically significant with a robust coefficient of 35335.81, t-statistic value of 0.070147 and probability value of 0.9442. The implication of this finding is that the audit committee size does not necessarily result in corporate governance of banks. Therefore, the positive relationship between audit committee size and profit after tax may not be unexpected and therefore expect that audit committee has no significant relationship with corporate governance proxy to profit after tax (PAT).

The study found that bank size is positive and statistically significant with a robust coefficient of 0.013468, t-statistic value of 25.84486 and probability value of 0.00002. The implication of this finding is that the bank size can necessarily result to corporate governance of banks. Therefore, the positive relationship between bank size and profit after tax was expected and therefore expect that bank size has significant relationship with corporate governance proxy to profit after tax (PAT).

Dependent Variable: SHF
Method: Panel Least Squares
Date: 11/13/21 Time: 14:33
Sample: 2001 2020
Periods included: 20
Cross-sections included: 5
Total panel (unbalanced) observations: 98

Variable	Coefficient	Std. Error	t-Statistic	Prob.
BSZ	-622969.9	1084529.	-0.574415	0.5671
BINDEP	-28.66017	89.41904	-0.320515	0.7493
ACOMSZ	2363544.	3424377.	0.690211	0.4918
BNKSZ	0.101255	0.003209	31.55690	0.0000
C	5274618.	21873030	0.241147	0.8100
R-squared	0.918334	Mean dependent var	48001467	
Adjusted R-squared	0.914821	S.D. dependent var	1.27E+08	
S.E. of regression	36954879	Akaike info criterion	37.73797	
Sum squared resid	1.27E+17	Schwarz criterion	37.86985	
Log likelihood	-1844.160	Hannan-Quinn criter.	37.79131	
F-statistic	261.4446	Durbin-Watson stat	1.608268	
Prob(F-statistic)	0.000000			

Source: Researchers Computation (E-views 9) 2021.

Table 4.3 presents the result of the fixed effect of model 3. The adjusted R-squared value of 0.914821 shows that 91.48% of the systematic cross-sectional variation in the dependent variable of shareholders fund (SHF) is explained or predicted by the explanatory variables of board size (BSZ), board independent (BINDEP), audit committee size (ACOMSZ), bank size (BNKSZ). The coefficient of determination is a goodness-of-fit measure of the extent

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to which the linear regression equation fits our data. On the basis of the overall statistical significance of the model, we observe that the F-statistic of 261.4446 with a probability value of 0.000000<0.005 at the 95% confidence interval is indicative of a significant linear relationship between the regressand of profit after tax and the regressors. The Durbin-Watson statistics of 1.608268 is relatively close to the 2.00 benchmark and indicative of the absence of first-order autocorrelation in the regression residuals.

The study found that board size is negative and statistically significant with a robust coefficient of -622969.9, t-statistic value of -0.574415 and probability value of 0.5671. The implication of this finding is that the size of the board size does not necessarily result in corporate governance of banks. The justification for this finding is that larger banks have so much resource at their disposal to consist large board, put in place suitable internal control mechanism that will at the end facilitate the work of the external auditors. The reputation of the large companies in terms of public confidence also requires them to meet public expectations. Therefore, the negative relationship between shareholders fund (SHF) and board size may not be unexpected.

The study found that board independence is negative and statistically significant with a robust coefficient of -28.66017, t-statistic value of -320515 and probability value of 0.7493. The implication of this finding is that the board independence does not necessarily result in corporate governance of banks. Therefore, the negative relationship between board independence and shareholders fund is not unexpected and therefore expect that board independence has no significant relationship with corporate governance proxy to shareholders fund (SHF).

The study found that audit committee size is positive and statistically significant with a robust coefficient of 2363544, t-statistic value of 0.690211 and probability value of 0.4918. The implication of this finding is that the audit committee size does not necessarily result in corporate governance of banks. Therefore, the positive relationship between audit committee size and shareholders fund may not be unexpected and therefore expect that audit committee has no significant relationship with corporate governance proxy to shareholders fund (SHF).

The study found that bank size is positive and statistically significant with a robust coefficient of 0.101256, t-statistic value of 31.5690 and probability value of 0.0000. The implication of this finding is that the bank size can necessarily result to corporate governance of banks. Therefore, the positive relationship between bank size and shareholders fund tax was expected and therefore expect that bank size has significant relationship with corporate governance proxy to shareholder fund (SHF).

Summary of Findings

Arising from information analysis, the findings of the study are:

i. The board size (BSZ) has negative relationship with both profit after tax and shareholders fund. But has no statistically significant impact on both profit after tax and Shareholders fund. This means that the board size do not contributes immensely to the corporate governance of the sampled banks.
ii. Board independence (BINDEP) has a negative relationship with profit after tax and shareholders fund. But has no statistically significant impact on profit after tax and shareholders fund. Thus board independence is not a major indicator that influences the corporate governance of the selected banks.
iii. Audit Committee Size (ACOMSZ) has positive significant relationship with profit after tax and shareholders fund. but not statistically significant with both dependent variables (Profit after tax and shareholder). This implies that Audit Committee is not a major determinant of corporate governance.
iv. The Bank Size (BNKS) has a positive and statistically significant impact on corporate governance. This shows that the view that larger banks make more profits than smaller ones is not entirely true.

Conclusion

From the findings, we found that corporate governance have been on the low side and have affected contrarily on the bank performance. Considering the horrifying outcomes of poor corporate governance on the certainty of general society, and the economy everywhere, this concentrate in this way suggests vital preparing for board members and senior bank supervisors ought to be set out or enhanced, particularly on courses that advance corporate governance and managing an account morals. Additionally, the administrative and supervisory powers ought to be more alerts in the investigating the record books of banks furthermore make more continuous examination of the bank's benefit base and liquidity position.

Recommendations

From the findings of the analysis, the following recommendations are offered.

1. In order to boost total assets (bank size) in the increase in bank's profitability, banks' should make sure that a lot of huge proportion of their cash and dues to productive investments, When investments that are productive are embarked upon by banks, increase in profitability is certain.
2. The independent body should be set up to enforce compliance as regards corporate governance codes. This body is expected to report to the regulatory bodies such as corporate Affairs Commission, Nigeria Stock Exchange, Central Bank Nigeria etc.

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3. We noted that there is a significant relationship between board size is between 12-16 as confirmed by previous studies and this study affirmed the position. It is therefore recommended that banks that their board's size is outside this range should comply with this to enjoy better performance.
4. Banks boards should address corporate governance by designing and documenting robust internal control frameworks that will reflect each bank's needs and situation against which they conduct regular reviews of their performances.

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