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Effect of Corporate Governance Mechanisms on the Performance of Listed Deposit Money Banks in Nigeria

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Abstract

The study investigated the effect of corporate governance mechanisms on the performance of listed Deposit Money Banks in Nigeria. Employing a Quasi Experimental Research and Ex post facto research design, the study focused on 13 Deposit Money Banks in Nigeria with a combined population 62,253 employees. The study gathered data from 398 employees of listed Deposit Money Banks in Nigeria. Structured questionnaires with a five-point Likert scale were utilized to collect primary data. Exploratory Factor Analysis (EFA)was used to performed purify of scales, evaluate their internal consistency, and assess their discriminant validity. Board Composition (BCOMP) showed relatively low variability, internal control systems among these banks play a significant role in reducing operational risks and enhancing efficiency. A well-structured internal control system positively influences corporate reputation, profitability, and growth, as it instils investor confidence and supports sustainable performance. Board size suggesting that larger boards provide governance strength through diverse perspectives. CEO duality, where the CEO The study identified a negative impact on corporate reputation, possibly due to governance concerns. Conversely, CEO duality was associated with improved profitability and growth. The findings of this study have drawn conclusions that Deposit Money Banks in Nigeria have implemented corporate governance mechanisms, board composition, internal controls,CEO duality, this would help balance governance with innovation, facilitating more dynamic strategies that support long-term expansion. The study recommended that functional heads with the Deposit Money Banks should encourage and empowered to champion the board composition, internal controls and CEO duality.

Keywords: Effect, Corporate Governance, Mechanism, Performance , Listed Deposit Money Banks, Nigeria

Introduction

Today the banking system is the heart of economic growth and development owing to its central functions that make it crucial to the modern economy. Ajugwe (2019) pointed out that one of the important roles of the banking sector is the mobilization of funds through saving and deposits and channeling the funds to more productive sector of the economy for investment. They facilitate the flow of money, which is essential for both microeconomic activities such as individual savings and loans and macroeconomic activities like national investment and economic growth.

They are the lifeblood of any economy because the microeconomic activities, as well as the macroeconomic activities of an economy, largely depend on them (fanen, a., faajir, a., & agbo, a., 2020). The performance of banks in this regard helps ensure that funds are efficiently allocated to support economic stability and growth.

Performance is defined as "how well a person, machine, etc. does a piece of work or activity." According to the Oxford Dictionary, performance is the action or process of performing a task or function. Thus, banks' performance is defined as how well a bank does the financial intermediation process to sustainably achieve the objectives of stakeholders. The performance of banks is assessed from different perspectives using financial as well as non-financial indicators. Performance in the context of an organization typically refers to various measures such as profitability, productivity, corporate reputation, growth, and overall organizational effectiveness among others.

Corporate reputation, profitability, and growth are crucial performance metrics for deposit money banks in Nigeria. A strong reputation builds trust with customers, investors and regulators. It is built through ethical practices, customer services, community engagement and responsible lending. Profitability measures the banks' ability to generate profits. Key indicators include net interest income, non- interest income and efficiency ratios. Growth on the other hand reflects bank's expansion in terms of assets, deposits, loans, and market share. These metrics are interconnected. A strong reputation can lead to increased customer loyalty and business growth, ultimately boosting profitability. Strong corporate governance mechanisms are crucial for enhancing performance, ensuring accountability, and fostering long-term sustainability.

Chen (2023) defines corporate governance mechanisms as the system of rules, practices, and processes by which a company is directed and controlled. According to Ochieng (2021), it is the collection of mechanisms, processes and relations by which organizations are controlled and operated. Supporting this, Anastasia and Olga (2022) viewed corporate governance as the mechanism of guidelines, activities and processes by which a company is directed and controlled. 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 behavior, 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.

Effective corporate governance requires a well-composed and diverse board, optimal board size, clear separation of CEO and chairperson roles, effective internal control system, diligent audit committee oversight, and significant board independence. These elements collectively enhance the board's ability to provide strategic direction, ensure accountability, and foster long-term organizational success. Properly designed rules of governance should focus on implementing the values of fairness, transparency, accountability, and responsibility to both shareholders and stakeholders. Good corporate governance ensures that the business environment is fair and transparent and that companies can be held accountable for their actions. Conversely, weak corporate governance leads to waste, mismanagement, and corruption (Bøhren & Staubo, 2016).

Statement of the Problem

In Nigeria, Corporate governance mechanisms have a significant impact on bank performance over time from research findings. The corporate governance mechanism has performed, particularly in relation to growth, corporate reputation and profitability. While the Nigerian banking sector has witnessed significant growth in recent years, concerns remain regarding the effectiveness of corporate governance practices in driving sustainable performance. Stakeholders are concerned about the governance of deposit money banks due to recent financial distress in the sector. Researchers have argued that the high rate of bank collapses is an outcome of weak corporate governance practices, which led to the taking over of bank governance by AMCON (AMCON, 2012).

The collapse of organizations such as, the WorldCom and Enron in the United States of America (USA) and Golden Quadrilateral in India was attributed to bad governance and financial impropriety (Gwala & Mashau, 2022). However, it is disheartening that these institutions have little or no enforcement powers to discipline rule-breaking firms (Ahunwan, 2018; Adekoya, 2018). Nigeria has not been exempted from the global experience of corporate failures as large organizations such as the defunct Savannah Bank, Oceanic and Intercontinental Banks Plc were discovered to suffer similar fate (Ozili, 2020).

Several studies by authors like Egungwu and Egunwu 2018, Adigwe, Nwanna and John 2016, Ugwuanyi and Amanze, 2014) who in their consensus views concluded that the failure of banks in Nigeria and elsewhere has been largely due to merely inadequate corporate governance and failure of professional ethics. This is manifested in numerous instances of creative accounting practices, professional insensitive, internal control and risk management. Non-adherence to corporate governance was identified as one of the critical issues in virtually all known instances of financial distress in the past. The extent to which these banks fulfil their obligations, adopt best practices, and implement effective governance structures and processes is unclear. This raises concerns regarding the overall effectiveness of corporate governance mechanisms within Deposit Money Banks and their ability to ensure the soundness, stability, and integrity of the banking sector (Letza, 2017).

Corporate Governance has drawn the attention of many researchers, managers, policy makers, investors and even potential investors. This is so because of the high rate of corporate failures in the recent years, as seen in the Nigeria banking industry, which eventually led to the consolidation exercise. Many corporations/banks have failed because they did not abide or appreciate the concept of corporate governance. It has been agreed by many authorities that if corporate governance is well practiced by corporations, there is every tendency that the firm performance will greatly improve.

Sound corporate governance practices have become a global effort to stabilize and strengthen global capital markets and protect investors.

Another issue is the potential weakness in board oversight and independence. The role of the board of directors in ensuring effective corporate governance is critical, but it is essential to examine whether Nigerian Deposit Money Banks have boards that are independent, competent, and capable of providing effective oversight. Weak board structures and processes can lead to inadequate supervision and decision-making, potentially affecting the overall effectiveness of the banks (Adekoya, 2019).

Objectives of the Study

The main objective of this study is to investigate the effect of corporate governance mechanisms on the performance of listed Deposit Money Banks in Nigeria. The specific objectives of the study are to:

a. Investigates the effect of board composition on corporate reputation, growth and profitability of listed Deposit Money Banks in Nigeria.
b. Examine the effect of internal control system on corporate reputation, growth and profitability of listed Deposit Money Banks in Nigeria.
c. Evaluate the effect of board size on corporate reputation, growth and profitability of listed Deposit Money Banks in Nigeria.
d. Determine the effect of the CEO duality on corporate reputation, growth and profitability of listed Deposit Money Banks in Nigeria.

Research Hypotheses

The following hypotheses were formulated in a null form to guide inferences:

a. **Ho_1:** Board composition has no significant effect on corporate reputation, growth and profitability of listed deposit money banks in Nigeria
b. **Ho_2:** Internal control system has no significant effect on corporate reputation, growth and profitability of listed deposit money banks in Nigeria
c. **Ho_3:** Board size has no significant effect on corporate reputation, growth and profitability of listed deposit money banks in Nigeria
d. **Ho_4:** CEO duality have no significant effect on corporate reputation, growth and profitability of listed deposit money banks in Nigeria

Literature Review

Board Composition

The board of directors can perform an imperative role in improving corporate governance and the value of a firm (Hassan, 2020). The value of a firm is also improved when the board plays its fiduciary duties such as monitoring the activities of management and selecting the staff for a firm. The board can also assign and monitor the performance of an independent auditor to improve the value of a firm. The board of directors can resolve internal conflicts and decrease the agency cost in a firm. The members of a board should also be accountable to the shareholders for their decisions (Uwuigbe, 2021).

The board consists of two types of directors; outsider (independent) and insider directors. The majority of directors in a board should be independent to make rational decisions and create value for the shareholders. The role of independent directors is important to improve the value of a firm as they can monitor the firm and can force the managers to take unbiased decisions. The independent directors can also play the role of a referee and implement the principles of corporate governance that protect the rights of shareholders (Olayinka, 2020).

Similarly, internal directors are also important in safeguarding the interests of shareholders. They provide the shareholders with important financial information, which will decrease the information asymmetry between managers and shareholders as argued by Umoh (2012). The board size should be chosen with the optimal combination of inside and outside directors for the value creation of the investors. The boards of directors in the developing market are unlikely to improve the value of a firm, as the weak judiciary and regulatory authority in this market enables the directors to be involved in biased decision-making that serves the interests of the majority shareholders and the politicians providing a disadvantage to the firm.

Internal Control

This is a broad concept that covers the entire range of procedures, methods and controls established by an organization to increase the probability to achieve its business goals (Institute of Internal Auditors (IIA), 2012). In addition, internal control can be seen as a group of policies and procedure that are embedded to form control on firm's activities to ensure the entity followed objectives set by management and board of directors (Yousef, 2017). The Basel Committee on banking supervision's framework for the evaluation of Internal Control Systems emphasized that sound Internal Controls are essential to the prudent operation of banks and promotes stability in the financial system. The Basel Committee developed thirteen principles for banking supervisory authorities to apply in assessing bank's internal control systems. These principles were structured under five main areas namely; Management oversight and the control environment, Risk recognition and assessment, Information Communication and Monitoring activities & Correcting deficiencies which have their basis on the COSO Framework (Asiligwa, 2017).

According to COSO (1992), as cited in (Umaru & Umar, 2018) the main objectives of the internal control process can be categorized as follows: compliance with applicable laws and regulations; reliability of financial reporting; and effectiveness and efficiency of operations. The COSO framework proposed that internal controls are to be performed based upon five principles components related to ensuring regularity, efficiency, operational effectiveness, and reliable financial reporting which must be integrated into business processes across the entire entity, in its efforts to achieve objectives.

Umaru & Umar (2018) reviewed a study by Ayom (2013) on the internal controls and performance in Non-Governmental Organizations in Sudan showed that, although internal auditing has led to compliance with rules and regulations on operations, performance and procurement control, it did not lead to proper financial accountability, budgetary control on the expenditure and proper utilization of donor funding. Also, Ewa and Udoayang (2012) argued that a strong internal control mechanism is a deterrence to staff fraud while a weak internal control mechanism exposes the system to fraud and creates an opportunity for staff to commit fraud.

Bett & Memba, (2017) revealed that control environment has a significant influence on the financial performance of an organization. The author further revealed that information systems have a significant influence on the financial performance of Menengai Oil Company. The performance objectives of organizations can only be achieved when the control environment works well and is supported by an appropriate control procedure, active risk assessment, information and communication and monitoring.The foremost sets of controls for a corporation come from its internal mechanisms. These controls monitor the progress and activities of the organization and take corrective actions when the business goes off track

For the Nigerian bank to continue playing critical economic roles, it requires adequate monitoring of the application of resources as well as any areas of risk that may negatively affect the environment of the objectives of the DMBs and therefore their performance. An effective internal control system provides reasonable assurance that policies, processes, tasks, behaviours, and other aspects of an organization, taken together, facilitate its effective and efficient operation, help to ensure the quality of internal and external reporting, and help to ensure compliance with applicable laws and regulations.

Board Size

Board size plays a significant role in affecting the value of a firm. The role of a board of directors is to discipline the CEO and the management of a firm so that the value of a firm can be improved. A larger board has a range of expertise to make better decisions for a firm as the CEO cannot dominate a bigger board because the collective strength of its members is higher and can resist the irrational decisions of a CEO as suggested by Adams and Mehran (2021). On the other hand, large boards affect the value of a firm in a negative fashion as there is an agency cost among the members of a bigger board. Similarly, small boards are more efficient in decision-making because there is less agency cost among the board members (Alo, 2017).

Board size refers to the number of directors that constitute the board of a company. The optimal board size is a significant aspect of corporate governance as it influences the board's effectiveness in overseeing management, making strategic decisions, and representing shareholders' interests.

Importance of Board Size in Corporate Governance such like *Decision-Making*: The size of the board can affect the quality of decision-making. Smaller boards may facilitate more cohesive and swift decision-making processes, while larger boards may provide diverse perspectives but could lead to slower decision-making. *Diversity and Expertise*: Larger boards can offer a broader range of skills, experiences, and viewpoints, which can enhance the board's ability to address complex issues and provide effective oversight. *Accountability and Monitoring*: The size of the board can affect its capacity to monitor management. Larger boards might distribute monitoring responsibilities more widely, potentially leading to oversight that is more comprehensive.

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.

Theoretical Framework

Agency Theory

This theory was initially put forward by Berle and Means (1932) but reviewed by Jensen and Meckling (1976) to show the fundamental agency problem inherent in modern day joint stock (or limited liability) companies. This evolves as a result of separation of ownership and control unlike what we have in a sole proprietorship business. The owners (shareholders) provide the necessary funds for the business to use in the normal day-to-day activity, while professional managers are employed to run the affairs of the business.

It is expected that the managers (who are the agents of the owners) will utilize the funds provided by the owners (principals) by investing in projects that will increase the net worth of the owners. However, some opportunistic managers may decide to use the funds in such a way that will profit them as managers against the interest of the owners (Al-Homaidi, et al., 2019).The directors and management, seeking to get the most out of their utility, take decisions that are favorable to them but may be costly to investors. Examples of such activities include falsifying financial statements and outrageous compensation scheme for management (Olusanya & Oluwasanya, 2014). This threat arises due to variances in incentives. Principals (shareholders) believe that agents (directors) will act in their selfish interest because they have different preferences (Bell & David, 2015).

In order to align the interest of the managers with the owners, the latter incur monitoring (agency) cost. This arises from the distinction between the owners and shareholders of a company or an organization designated as ‘principals’ and the executives hired to manage the organization called the ‘agent’. The assumption Is that the principal suffers an agency loss which is lesser a return on the investment because they do not directly manage the company. Part of the return is that they could have had if they were managing the company directly goes to the agent (Ahsan, 2015).

Corporate governance and agency theory are closely linked concepts and are integral to understanding the relationship between shareholders, managers, and directors in a corporation. The primary objective of corporate governance is to ensure that the interests of shareholders are protected, and the corporation is directed and controlled in their best interest. Agency theory, on the other hand, examines the principal-agent relationship between shareholders (principals) and managers (agents), with a focus on the inherent conflicts of interest that may arise in this relationship.

Empirical Framework

Corporate Governance Practices and Performance of Deposit Money Banks in Nigeria was conducted by Richard E. A., Okwo, I. M., and Inyiama, O. I (2024). The study's specific goal was to evaluate the relationship between the size of the board of directors, the makeup of the board, the frequency of board meetings, and the return on assets of Nigeria's deposit money banks. The annual reports and accounts of a selection of Nigerian deposit money banks served as secondary sources for the data. Through data analysis and the use of correlation analysis as an analytical tool, the specified null hypotheses were examined. The results of the study show that while board composition has a positive but only somewhat significant correlation with return on assets, board size has a positive and robust relationship with return on assets. Moreover, there is a weak and negative correlation between the frequency of board meetings and the return on assets of deposit money banks in Nigeria.

Given that research indicates that frequent board meetings are indicative of a crisis or distress situation with perceptions of going concern concerns and bank failure, the negative association between the frequency of board meetings and banks' performance suggests that banks should start cutting back on the number of meetings. To enhance the caliber of decisions, profits, and overall performance, the report suggests adding new independent non-executive experts to the board who possess crucial governance and management skills. Board meetings should happen less frequently in order to save money and time, but since distance is no longer an obstacle, virtual meetings should happen more frequently than in-person ones. The study's use of secondary data prevented the employees from participating in the research project, and its use of only two corporate governance dimensions created a conceptual gap that the current study will fill by utilizing both primary and secondary data as well as seven corporate governance dimensions.

Udeme C., Joseph O, & Eno U. (2024), studied corporate governance mechanisms on the profitability of listed deposit money banks in Nigeria. The main objective of this study was to examine the effect of corporate governance mechanisms on the profitability of listed deposit money banks in Nigeria. The independent variable being corporate governance mechanism was proxied by board expertise and board gender diversity while the dependent variable being profitability was proxied by return on capital employed. The research design adopted for this study was the ex post facto research as the secondary data were employed. The population of this study was fourteen listed deposit money banks in Nigeria.

The method of data analysis employed was the ordinary least square (OLS) regression analysis and the statistical package employed was SPSS version 21. Based on the analysis of the data, it was found out that board expertise has a positive but insignificant effect on the return on capital employed; board gender diversity has a significant positive effect on return on capital employed of listed deposit money banks in Nigeria. Thus, it was concluded that board monitoring mechanisms have significant effect on profitability of listed deposit money banks in Nigeria. Based on this, it was recommended that the management of deposit money banks in Nigeria should not overlook the importance of diverse experiences on their boards despite the lack of statistical significance. Also, that listed deposit money banks in Nigeria should actively promote gender diversity on their boards. Encouraging the inclusion of more female directors can lead to broader perspectives, enhanced decision-making processes, and ultimately, improved profitability as proven by this study. The study uses return on capital employed (ROCE) as the sole proxy for profitability. Although ROCE is a valid measure, it is limited as it does not capture other dimensions of profitability, such as net profit margins or return on equity.

Aja (2024) investigated Effects of corporate governance on organizational effectiveness in some selected deposit money banks in Makurdi Metropolis, Nigeria. The effectiveness of a few Makurdi Metropolis deposit money banks was examined in this study in relation to corporate governance. Finding out how board size influences the organizational effectiveness of a few particular deposit banks in Makurdi was one of the study's main objectives. The study focused on the five hundred and fifty (550) workers of a few carefully chosen deposit money institutions. 220 persons made up the sample size, which was determined using the Taro Yamane formula. First-hand information was used in the study.

A questionnaire was the main instrument used to collect data. The statistical packages for social sciences (SPSS 21) were employed to evaluate the developed hypotheses, and regression and correlation analysis were the techniques used to analyze the data. The unprocessed data from the original source was displayed using tables and simple percentages. The study found that deposit money banks with beta coefficients of .247.197 perform significantly better when they have a diverse, large, and independent board, as well as when director compensation is high, 022 and 205. As per the beta coefficient, the board size had the highest beta values, measuring .247. In conclusion, the study discovered that certain deposit money institutions in Makurdi metropolis benefited from board diversity, board size, and director remuneration. The sample size, though adequate, is limited to a few deposit money banks in Makurdi Metropolis. This limits the generalizability of the study's findings. It would have been more impactful if the research had expanded to cover a broader range of banks across different regions in Nigeria or discussed the limitations of the sample size in this regard.

Methodology

The study employed a Quasi Experimental Research and Ex post facto research design to examine the effect of corporate governance mechanisms on the performance of listed Deposit Money Banks in Nigeria. This approach was deemed suitable due to its strength in establishing relationships between variables and providing measurable, objective data (Mohajan, 2018). The population for the study consisted of 62,253employees of thirteen (13) Deposit Money Banks (DMBs) listed on the Nigeria Exchange Group as 31st April, 2024. The thirteen DMBs listed on the Nigeria Exchange Group used in this study include: Access Bank Plc, Eco Bank Plc, Fidelity Bank Plc, First Bank of Nigeria Plc, Guaranty Trust Bank Plc, United Bank for Africa Plc, Union Bank of Nigeria Plc, Unity Bank Plc, Wema Bank Plc, First City Monument Bank Plc, Sterling Bank Plc, Stanbic IBTC Bank Plc and Zenith Bank Plc.

The choice of these banks is justifiable because they are listed on the Nigeria Exchange Group. To determine an appropriate sample size, the Taro Yamane formula was used at a 95% confidence level and 5% margin of error. This yielded a sample size of 398 respondents, which balances statistical representativeness and feasibility in data collection (Yamane, 1973). A structured questionnaire was employed variables (Corporate governance mechanisms) such as Board composition (five items), Internal Control Systems (five items), Board size (five items), CEO duality (five items), as instrument for primary data collection due to its capacity to standardize responses and reduce bias. Questions were designed using a five-point Likert scale ranging from "strongly agree" to "strongly disagree," a method widely accepted for capturing the intensity of respondents' opinions and attitudes (Joshi et al., 2015). To ensure inclusivity and proportional representation, the sample was stratified and proportionally allocated across the thirteen Deposit money Banks based on their workforce sizes. This method allows for equitable representation from each Bank, thus enhancing the generalizability of findings across the organization (Etikan & Bala, 2017).

Data collected were analyzed using descriptive statistics including means and standard deviations. Structural Equation Modelling (SEM) was used to analyze the data, as it is an appropriate tool to test the theory in human behaviour contexts (Schreiber, Nora, Stage, Barlow, & King, 2006). In SEM, the goodness of fit model must be satisfied before hypothesis testing. Confirmatory Factor Analysis (CFA) was performed to ensure that the model specification fits and matches the actual condition or sample. Prior to a CFA, the issues of validity, reliability and uni-dimensionality of the model should be assessed (Sarstedt et al., 2019).The methodology adopted in this study ensures both rigor and relevance, aligning with contemporary practices in organizational and technological research.

Table 1 Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
BCOMP	392	12.00	25.00	23.8520	2.15714
ICS	392	9.00	25.00	23.3648	2.79424
BDSIZE	392	12.00	25.00	23.3367	2.66624
CEOD	392	11.00	25.00	23.3724	2.50504
PROF	392	-.11	.33	.0288	.05848
GROWTH	392	-25362891745.00	12543576417.00	138233734.2321	3358055191.59638
Valid N (listwise)	392				

Source: *Researcher's Compilation; 2025*

Table1 provided summarizes responses related to key governance indicators, providing insight into participant perceptions or evaluations for several organizational aspects. Each variable represents the level of agreement or frequency concerning corporate governance practices, based on a questionnaire administered to participants. The range, mean, and standard deviation offer an understanding of response tendencies and variability.

Board Composition (BCOMP) reflects participants' views on the adequacy of board diversity, skills, and structure, with scores ranging from 12 to 25. A high mean score of 23.85 and a relatively low standard deviation of 2.16 suggest that respondents largely agree on the board's effective composition in the sampled companies.

Internal Control System (ICS) scores, ranging from 9 to 25 with a mean of 23.36 and a standard deviation of 2.79, indicate general satisfaction with control systems, though with a slightly broader range of opinions, signaling some variability in perceived effectiveness.

Board Size (BDSIZE) has a mean score of 23.34 and a standard deviation of 2.67, with responses ranging from 12 to 25. This suggests that respondents consider the board size appropriate and that opinions are fairly consistent across participants.

CEO Duality (CEOD), which addresses whether the CEO also holds the board chair role, has a mean score of 23.37 and a standard deviation of 2.51. This implies that respondents generally recognize the CEO's dual role as beneficial or suitable, though there is moderate variability in responses.

Table 2 Regression Results for Corporate Reputation summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.965[a]	.932	.931	.98500	.932	752.722	7	384	.000

a. Predictors: (Constant), BIND, BDSIZE, BCOMP, ICS, CEOD

Table 4.2 shows an R value of 0.965 (96.5%), indicating a very strong positive relationship between the governance variables Board Independence Board Size (BDSIZE), Board Composition (BCOMP), Internal Control System (ICS), and CEO Duality (CEOD) and Corporate Reputation. The model summary reveals a coefficient of determination (R Square) estimated at 0.932. This suggests that 93.2% of the variation in corporate reputation can be explained by these governance variables, while the remaining 6.8% of the variation is likely due to other factors outside the scope of this study.

In this analysis, **R Square = 0.982 (98.2%)** and **Adjusted R Square = 0.982 (98.2%)** are almost identical, indicating virtually no shrinkage. This supports the model's robustness and stability (Gujarati & Sangeetha, 2007), with minimal deviation expected if applied to the entire population.

The **F-statistic** is estimated at 3058.719, showing that the predictor variables collectively contribute significantly to explaining the variation in profitability. With a **Significance of F Change** at 0.000, the model is statistically significant well below the standard 5% level, indicating that the overall model is highly appropriate for explaining profitability in this study's context.

Table 3: Model Summary for Growth

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.988[a]	.976	.976	.40935	.976	2237.810	7	384	.000

a. Predictors: (Constant), BDSIZE, BCOMP, ICS, CEOD

Table 3 presents the model summary of the predictor variables Board Size (BDSIZE), Board Composition (BCOMP), Internal Control System (ICS) and CEO

Duality (CEOD)) regressed with the dependent variable (Growth). The results of the computed statistics are explained in the subsequent paragraphs.

The model reflects an R value of 0.988, indicating a very strong relationship between the dependent variable (Growth) and the independent variables (BDSIZE, BCOMP, ICS, and CEOD). Additionally, the coefficient of determination, R Square, is estimated at 0.976, showing that 97.6% of the total variation in Growth can be explained by the predictor variables. Therefore, the predictor variables account for 97.6% of the variation in Growth, while the remaining 2.4% (100% - 97.6%) of the variation could be due to other factors not included in this study.

The Adjusted R Square value of 0.976 or 97.6% suggests that if the entire population were considered for this study, the result would deviate negligibly by only 0.0% (i.e., 97.6% - 97.6%). This close alignment between R Square and Adjusted R Square confirms the stability and validity of the model.

The F-statistic is estimated at 2237.810, indicating that the predictor variables collectively contribute significantly to the variation in Growth. Furthermore, the statistical significance level of 0.000 shows that there is a highly significant relationship between Growth and the predictor variables. This significance level of 0.000 is below the generally accepted 5% threshold in social sciences, indicating that the model is statistically robust and fit for analyzing factors influencing Growth.

Table 4: Coefficients Model for Corporate Performance

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	-1.928	.818		-2.357	.019
BCOMP	.695	.129	.400	5.401	.000
ICS	1.620	.109	1.208	14.834	.000
BDSIZE	.915	.094	.651	9.755	.000
CEOD	-.853	.166	-.571	-5.138	.000

a. Dependent Variable: CRPT

The regression results presented in Table 4 aimed to assess the effect of the independent variables (Board Composition (BCOMP), Internal Control System (ICS), Board Size (BDSIZE), CEO Duality (CEOD), on the dependent variable (Corporate Performance (CRPT)).

The results indicate that, when all independent variables are held constant, the estimated corporate performance is -1.928. This suggests that in the absence of the factors considered in this study, there would be a significant decrease in corporate performance by 1.928 units due to other unexamined variables.

The model shows a beta coefficient of 0.695 for Board Composition. This indicates that an increase of one unit in Board Composition is associated with a 69.5% increase in Corporate Performance. This relationship is statistically significant (t = 5.401, p = 0.000), demonstrating that Board Composition positively influences the Corporate Performance of the organizations involved in this study.

The analysis further reveals that the Internal Control System has a substantial positive effect on Corporate Performance, with a beta coefficient of 1.620. This means that a one-unit change in the Internal Control System can lead to a 162% increase in Corporate Performance. The effect is highly significant (t = 14.834, p = 0.000), indicating that the Internal Control System plays a crucial role in enhancing corporate performance.

The Board Size also positively impacts Corporate Performance, with a beta coefficient of 0.915. This suggests that a unit change in Board Size will result in a 91.5% improvement in Corporate Performance, and this effect is significant (t = 9.755, p = 0.000). This implies that Board Size is a key determinant of Corporate Performance in the organizations studied.
In contrast, CEO Duality shows a negative effect with a beta coefficient of -0.853, indicating that a unit change in CEO Duality is associated with a decrease of 85.3% in Corporate Performance. This effect is significant (t = -5.138, p = 0.000), suggesting that CEO Duality may hinder corporate performance in the organizations analysed.

Table 5: Coefficients Model for Profitability

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.009	.293		.030	.976
BCOMP	.122	.046	.100	2.660	.008
ICS	.362	.039	.385	9.268	.000
BDSIZE	.499	.034	.505	14.867	.000
CEOD	.447	.059	.426	7.528	.000

a. Dependent Variable: PROF

The regression results presented in Table 5 examine the effects of various independent variables (Board Composition (BCOMP), Internal Control System (ICS), Board Size (BDSIZE), CEO Duality (CEOD), on the dependent variable, Profitability (PROF).

The analysis indicates that the constant term is estimated at 0.009, suggesting that when all independent variables are held constant, the profitability is approximately 0.009 units. However, this estimate is not statistically significant (t = 0.030, p = 0.976), indicating that other factors not included in this study may influence profitability.

Board Composition shows a positive beta coefficient of 0.122, which signifies that a unit increase in Board Composition is associated with a 12.2% increase in profitability. This relationship is statistically significant ($t = 2.660$, $p = 0.008$), implying that a well-composed board positively contributes to the profitability of the organizations examined.

The Internal Control System demonstrates an even stronger positive effect on profitability, with a beta coefficient of 0.362. This suggests that for every unit change in the Internal Control System, profitability increases by 36.2%. This effect is highly significant ($t = 9.268$, $p = 0.000$), highlighting the importance of effective internal controls in enhancing profitability.
Board Size is also positively correlated with profitability, showing a beta of 0.499. This indicates that an increase in Board Size leads to a 49.9% increase in profitability, and this effect is significant ($t = 14.867$, $p = 0.000$). Thus, a larger board size appears to facilitate better decision-making and resource allocation, which in turn improves profitability.

CEO Duality has a positive impact on profitability, with a beta coefficient of 0.447, suggesting that a unit change in CEO Duality corresponds to a 44.7% increase in profitability. This relationship is significant ($t = 7.528$, $p = 0.000$), indicating that having a dual role may contribute positively to the profitability of the firms studied.

Table 6 Coefficients Model for Growth

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	1.533	.340		4.509	.000
BCOMP	-.359	.053	-.295	-6.702	.000
ICS	.311	.045	.332	6.860	.000
BDSIZE	.525	.039	.533	13.459	.000
CEOD	.794	.069	.758	11.505	.000

a. Dependent Variable: GROWTH

The regression analysis results presented in Table 4.7 examine the influence of several independent variables Board Composition (BCOMP), Internal Control System (ICS), Board Size (BDSIZE), CEO Duality (CEOD), on the dependent variable, Growth (GROWTH).

The regression equation shows a constant term of 1.533, indicating that when all independent variables are held constant, the expected growth value is approximately 1.533 units. This estimate is statistically significant, with a t-value of 4.509 and a p-value of 0.000, suggesting that the model is appropriately capturing the effect of the predictors on growth.

Board Composition exhibits a negative beta coefficient of -0.359, which indicates that an increase in the proportion of independent board members is associated with a 35.9% decrease in growth. This relationship is statistically significant ($t = -6.702$, $p = 0.000$), implying that the composition of the board may hinder growth, potentially due to excessive oversight or risk aversion.

In contrast, the Internal Control System has a positive effect on growth, with a beta coefficient of 0.311. This suggests that enhancements in the Internal Control System are associated with a 31.1% increase in growth. The effect is significant ($t = 6.860$, $p = 0.000$), highlighting the importance of strong internal controls in facilitating growth.

Board Size shows a positive and significant relationship with growth, with a beta coefficient of 0.525. This means that larger board sizes are linked to a 52.5% increase in growth. The significance of this effect is evident ($t = 13.459$, $p = 0.000$), indicating that larger boards may contribute positively to strategic decision-making and resource allocation.

CEO Duality also has a substantial positive impact on growth, with a beta coefficient of 0.794. This indicates that when the CEO also serves as the board chair, growth increases by 79.4%. This relationship is statistically significant ($t = 11.505$, $p = 0.000$), suggesting that this dual role can enhance strategic alignment and decision-making efficiency.

Discussion of Findings

This study seeks to investigate the effect of corporate governance mechanisms on the performance of listed Deposit Money Banks in Nigeria. Consequently, four hypotheses were formulated in respect of these four independent variables. The test of the research hypotheses formulated at 5% level of significance reveals the following findings:

Board Composition (BCOMP) with a mean of 23.85 and relatively low variability, board composition in Nigerian banks is stable, indicating a consistent governance framework. This consistency in board composition supports corporate reputation and profitability, as a structured board is essential for maintaining effective governance, though its impact on growth is limited.

Internal control showed a moderate consistency (mean of 23.36, standard deviation of 2.79), internal control systems among these banks play a significant role in reducing operational risks and enhancing efficiency. A well-structured internal control system positively influences corporate reputation, profitability, and growth, as it instils investor confidence and supports sustainable performance.

Board size showed a mean of 23.34 and standard deviation of 2.67, board size remains relatively similar across these banks, suggesting that larger boards provide governance strength through diverse perspectives. The study found that larger board sizes positively impacted corporate reputation, profitability, and growth, as a diverse board can facilitate strategic decision-making, risk management, and innovative approaches.

CEO duality, where the CEO also serves as the board chair, has a mean of 23.37 and standard deviation of 2.51, showing some variability in practice across Nigerian banks. The study identified a negative impact on corporate reputation, possibly due to governance concerns. Conversely, CEO duality was associated with improved profitability and growth, as combining these roles can streamline decision-making, reduce bureaucracy, and enhance strategic execution.

Conclusion

In conformance with the findings of this study, the following conclusions are drawn:

The findings of this study indicate that governance structures among listed Deposit Money Banks in Nigeria exhibit a high level of consistency, with board composition, internal controls, board size, showing minimal variability. This stability underlines a commitment to structured governance frameworks across the sector, with board composition, internal controls, and board size playing essential roles in fostering corporate reputation and profitability. Internal control systems and board size, in particular, enhance reputation and growth by promoting risk management and efficient decision-making.

However, certain governance practices, such as board independence, show a tendency toward conservative oversight, which may inadvertently hinder profitability and growth by restricting risk-taking and profit-maximizing activities. Similarly, CEO duality presents a complex picture, positively influencing profitability and growth due to streamlined decision-making, while potentially raising governance concerns that could impact reputation negatively.

In sum, while governance consistency generally supports reputation and profitability, some conservative practices within the governance framework may limit growth opportunities, underscoring a need to balance oversight with flexibility to achieve more robust performance outcomes across all dimensions.

Recommendation

Based on the summary of the findings above the following recommendations are made:

1. Since board composition positively impacts corporate reputation and profitability but has limited influence on growth, banks should consider diversifying board expertise to include professionals with growth-oriented perspectives. This would help balance governance with innovation, facilitating more dynamic strategies that support long-term expansion.

2. Given the significant positive impact of internal controls on all performance metrics, it is essential for Nigerian banks to continually assess and enhance their internal control systems. This can include regular audits and implementing risk management frameworks that adapt to evolving market conditions, ensuring that internal controls not only mitigate risk but also promote efficiency and investor confidence.
3. While larger boards are beneficial for decision-making, risk management, and profitability, they may become cumbersome if they grow too large. Banks should aim for an optimal board size that maintains diversity without impeding decision-making speed. This can be achieved by periodically reviewing board structures to ensure they are lean yet diverse enough to support rapid strategic shifts.
4. CEO duality shows mixed effects, boosting profitability and growth but potentially compromising corporate reputation. Banks should carefully assess whether combining the CEO and board chair roles fits their specific needs. For institutions where reputation is paramount, separating these roles may better serve stakeholder interests. For banks prioritizing streamlined decision-making, duality can be advantageous, but with added checks to maintain transparency.

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