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Article

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Cogent Business & Management

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Suggested Citation: Kafidipe, Abiola; Uwalomwa, Uwuigbe; Dahunsi, Olajide; Okeme, Faith Ojone (2021) : Corporate governance, risk management and financial performance of listed deposit money bank in Nigeria, Cogent Business & Management, ISSN 2331-1975, Taylor & Francis, Abingdon, Vol. 8, Iss. 1, pp. 1-14,
<https://doi.org/10.1080/23311975.2021.1888679>

This Version is available at:

<https://hdl.handle.net/10419/270234>

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To cite this article: Abiola Kafidipe, Uwuigbe Uwalomwa, Olajide Dahunsi & Faith Ojone Okeme | (2021) Corporate governance, risk management and financial performance of listed deposit money bank in Nigeria, Cogent Business & Management, 8:1, 1888679, DOI: [10.1080/23311975.2021.1888679](https://doi.org/10.1080/23311975.2021.1888679)

To link to this article: <https://doi.org/10.1080/23311975.2021.1888679>



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Published online: 06 Apr 2021.



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Received: 22 December 2020
Accepted: 07 February 2021

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Reviewing editor:
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ACCOUNTING, CORPORATE GOVERNANCE & BUSINESS ETHICS | RESEARCH ARTICLE

Corporate governance, risk management and financial performance of listed deposit money bank in Nigeria

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Abstract: This study examined corporate governance, risk control in deposit money banks and how operational problems within commercial banks and information on them in Nigeria has been hoarded to a great extent. The result shows a negative but a significant impact on bank's financial performance. However, a corporate-governance system that is sound increases the profitability of loans as well as the stability of banks. Furthermore, the study finds that board size, board independence, directors' shareholdings and board meetings are negative while the coefficient number of board committee is positive on Tobin Q. It, therefore, means that there exists between the corporate governance a significant relationship with financial performance. Shareholders, board meetings & members of the board does have negative relationship to performance. In contrast, the coefficient for the number of

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PUBLIC INTEREST STATEMENT

The objective of this paper is to analyze the nexus between corporate governance, risk management and financial performance of listed money deposit bank in Nigeria. This study is imperative because the post-financial crisis suffered by distressed banks in Nigeria required systematic approach to understanding how governance characteristics and risk management attitude affects financial performance of listed deposit money bank in Nigeria. It is believed that this study will contribute to the growing scholarly debates on corporate governance mechanisms and risk management how they provide great deal of latitude for influencing financial performance of listed money deposit bank in Nigeria.

board sizes, board independence & board committees are positive on ROE-Return on Equity. This shows that any increase in shareholding of directors, the directors of the board and board of directors would result in decreased ROE of deposit money banks (DMB) in the economy of Nigeria. This research then recommends proper corporate risk management practices should be encouraged with financial institutions carrying out frequent quality control checks to ensure compliance.

Subjects: African Studies; Finance; Business, Management and Accounting

Keywords: Corporate governance indicator; risk management indicators; principal component analysis; financial performance

1. Introduction

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. (Obi, 2002).

Chiejina (2016) noted that financial crises in banking sector has been worrisome for either bank regulators & owners as a result of an increase in occurrence. This concern has been largely attributed to bank failures. Considering the Nigerian banking sector, it was gathered, management of poor credit-risk, internal as well as external supervision needs impede stability as well as the profitability of banks (Obi, 2012). To support this argument, Nweze (2012) argued that one of Nigeria's most critical symptoms of bank defaults is described as non-performing loans (NPLs) resulting from credit risk management that is poor.

Nweze in 2012 noted that, in the time past, Nigeria banks have always carried toxic-assets in the form of an enormous amount which keeps rising progressively from 1 year to another and has neither been resolved through good credit-risk-management. An example, include the period 1994 & 2000, many banks were liquidated totaling 33, in Nigeria. This has resulted in a considerable amount of the non-performing loans (NPL), which exceeded 200 billion naira. Thus, it is vital to keep note of the fact that management of risk is an indispensable aspect of the success of an organization, most especially as it relates to the financial sector since it is a crucial aspect of an economy. Due to the high-risk nature of financial sectors operations, that is, the high-risk involvement with not just the business but the risk of their respective clients (Res et al., 2016).

Mehmood et al. (2019) stated that the stability and underlying performance of listed deposit money banks within the economy is vital & paramount to macroeconomic development of a nation. Not only that, corporate governance failure linked to banks' poor performance and reporting failure are very worrisome as the impact of high-profile cases cumulatively had resulted in a steady-loss of investments, credibility & confidence in banks' ability in payback of depositors' funds and their credit risks (Walker, 2011). There is a lack of risk management, such as absence of basic mechanisms for controls, weak corporate governance, excessive exposure to credit, weak disclosure of finance and openness to Nigeria's financial sector (Audu, 2014). Moreover, the facts of the banking industry are large non-performing loans (NPL), inter-bank leverage, violation of supervisory & regulatory provisions, poor internal regulation, insider clash, massive-exposure to a few bonds, macroeconomic volatility & incessant banking distress and loss. (Okorie & Uwaleke, 2010 by Okorie & Uwaleke).

To help resolve these issues, the Central Bank has a supervisory role in maintaining a balance between financial performance and effective corporate governance while considering inherent risk

factors. Performance is relative, and it is peculiar to the strategy under which various financial institutions use to manage risks. These risks can be managed effectively where quality control is in place (Olamide et al., 2015). It is important to note that, it is essential to ensure adequate corporate governance compliance ethics among banks. This follows that non-compliance with corporate governance ethics among banks is a major factor affecting the proper management of risks, affecting performance of deposit listed-banks.

Adeusi et al. (2013) stated that this can be attributed to huge debts resulting from credit risk facilities that banks offer to their customers which become bad debts in the long run. This research aims at investigating the role which corporate governance & effective risk-management play in Nigeria's listed deposit money bank's financial performance. However, A major issue facing bank management is in the aspect of corporate governance which has two dimensional interpretations. First relates to corporate activity openness, while protecting the interests of investors; a reference to the agency problem. The second aspect relates to the development of a system of sound risk-management system; specific reference to banks (Nemati, 2015). Corporate governance has been viewed from a theoretical point-of-view as a discipline of economics that explores how, through the aid of operational structures, contracts, laws, & corporate law, increases the performance of such firms. There has been no argument that banks are essential to an economy. Hence, to achieve positive results, they must have clear as well as sound corporate governance for this to be accomplished.

The significance of corporate governance in banks in economies that are emerging was stressed by King & Levine in 1993 as well as Levine in 1997; they noted that: first, banks do possess dominating role in the financial-sectors of developing nations & therefore are highly expedient drivers in economic development. Second, since capital-markets are generally underdeveloped, the most significant source of financing for most businesses is normally banks in developing nations. Third, banks in countries that are developing do normally have largest depositories of savings within the economy, in addition to offering universally accepted terms of payment (Olamide et al., 2015).

Hetteš (2002) what he referred to as "right corporate governance" if it does not exist, then banking regulation cannot work, because from experience emphasis has been placed for an acceptable standard of accountability, oversight as well as balancing of core competencies for each institutional bank. Further stating Hettes opined that appropriate corporate governance among the management of the bank as well as the banking supervisory authority makes the work of banking regulation easy which adds to corporate governance.

Crespi et al. (2002) suggest corporate governance of the banks applies to the different strategies through which bank-owners aim at compelling executives in adopting policies that optimize profit. They acknowledged the approaches which they said could be external to the business, like the corporate control market/the level of competitiveness within commodity & labor markets, as well as the presence of internal processes, including administrative action by shareholders; referred to as substitute in fighting or involvement by the board-of-directors. Donald Brash, at the June 2001 Commonwealth Central Banks Conference on Corporate Governance for the Banking Sector in London, (Governor of New Zealand Reserve Bank), claimed that strengthening corporate governance is an essential means of fostering stability in finance. Internal governance structures of the Bank have a very critical impact on the effectiveness as well as the capacity of the Bank to recognize, track & control its risks (Pakhchanyan, 2016).

While several causes, several of existing outside the bank management control are triggering banking crises, almost any failure by bank, is resulting from corruption & negligence on the part of the banks. At the long-run, mismanagement is an internal governance failure. While banking monitoring and supervision of bank risk roles can somehow mitigate the consequences of bad governance, any external official agency oversight is not a replacement for practices of corporate

governance that is sound. Eventually, by promoting sound risk control practices inside individual banks, banking risks are more likely to be minimized to reasonable standards.

2. Background

Better corporate governance will lead to a better corporate performance by avoiding the controlling owner's expropriation, thus guaranteeing more dependable decision-making. The valuation of the organization could react instantaneously to the information signaling improved corporate governance in expectation of such change. Nevertheless, there is reasonably little objective evidence that supports the presence of a correlation between the standard of corporate governance as well as the performance of firms (Gizaw et al., 2015; Imam, 2006).

A proper Governance structure means that expropriation is excluded from the company wealth by management/controlling shareholders, leading in more better-allocation of resources as well as improved outcomes. They are faced with lower capital costs as owners & lenders are more likely to bring their resources into firms with good-governing structures, and is an alternative source of improved market results. Relationships with them are expected to be more stable, fairer, as well as long-lasting as relationships with businesses with-less efficient governance.

Implications are also evident for the nation as a whole. Since the economy is less vulnerable to structural threats, economic growth would be more sustainable. With better investor security at the firm level, the stock market, which is important for sustainable economic growth, will also be boosted and grown. Similarly, strong corporate governance is essential for maintaining a fair & a society that is free of corruption. Poor corporate-governance is fertile-soil for collusion in big companies as well as a corrupt-symbiosis between business & political elites (Amza, 2017). Limited expropriation of minority-owners & less abusive relations between big business & government influence would lead to a more favorable business atmosphere for smaller businesses as well as a fairer allocation of income (Iskander & Chamlou, 2000).

2.1. Deposit money bank loan theory

Deposit money bank loan theory has widely gained acceptance in empirical literatures as one the most compatible theory addressing corporate governance issues globally. This theory notes that the deposit money bank's cash was immediately acquired by the self-liquidation of the loan issued for a limited period of time as well as the funding of working capital, where the creditors successfully repaid the loaned funds at the conclusion of their business cycles. According to this hypothesis, regardless of the duration of the anticipated payback period of these loans, banks do not lend capital to purchase real estate or luxury goods/invest in stocks & bonds, where this theory is suitable for traders who need to fund their individual trading activities & for a limited time (Okoh, Nkechukwu, & Ezy, 2016).

2.2. Comparative study of corporate governance and performance of money listed deposit bank in Nigeria

For the period 2011–2016, Olalekan et al. (2018) examined the board size, risk management, and financial performance of listed deposit money banks in Nigeria. There are (15) registered deposit money banks in Nigeria, of which, due to the accessibility & availability of data, fourteen (14) sample-size was utilized in the study analysis. Size of corporate-board and risk control as an independent-variable was employed as the representation of number of boards of directors, liquidity risk, default risk & operational risk, while the financial result proxy was the return on equity (ROE) as well as earnings per share (EPS). Data for the time under review were gotten from secondary-sources, via the yearly report & bank accounts, as well as the data were analyzed using various techniques of panel regression. The outcome of analysis revealed that there is a substantial negative-impact on equity return (ROE) as well as earnings per share (EPS) on the scale of the board, both credit-risk as well as risk of operations. The analysis also indicates that the risk of liquidity affects the ROE & EPS of the study of Nigerian's banks most insignificantly. From the argument, between several number of studies, concerning banks legislating their management of

risk scheme in ensuring that the non-performing loan is mitigated as it has been empirically shown to minimize the financial performance of the company's efficiency. For better results, they can also lower their operating costs.

Okere et al. (2018) examined the effect of risk management (credit & liquidity) on the economic performance of money deposit banks in Nigeria. In the analysis, panel methodology as well as other econometric tools were used, such as the Hausman-test as well as descriptive statistics. The findings of the panel regression illustrate a positive association between risk control and the financial success of money deposit banks. The study advises that banks in Nigeria should expand their ability in liquidity risk analysis, credit risk analysis and credit management, while regulatory bodies should pay more attention to banks' compliance with the Bank's and other financial institutions' prudential guidelines.

3. Methods and materials

Twelve (12) banks are included in the panel data spanning the period 2013–2018 using Descriptive-statistics. To investigate the presence of existing relationship amongst variables, the Pearson-correlation analysis is utilized. However, panel data estimation strategies such as pooled regression, fixed effect as well as random effect regression were also used to identify the presence of collinearity among the variables. In contrast, the Hausman test is used to select the appropriate estimator; (i.e. random effect regression).

3.1. Model specification

In order to investigate corporate governance; risk-management as well as financial performance in Nigeria, the research adopted the Improved/modified econometric-model version which the study Coleman and Nicholas (2006) adopts. Consequently, below is the Econometric-model;

The model is expressed in its implicit form first:

$$y_{it} = \beta_1 + X_{it}\beta_2 + \varepsilon_{it}$$

Where: the dependent-variable is y_{it} & X_{it} is the explanatory/Independent variable & ε_{it} as error term. In addition, the econometric model is represented in the following explicit-form:

3.1.1. Model 1

$$\beta_0$$

Where

β_{1-4} = Intercept or constant

ε_{it} = Coefficient of the independent-variables

β_0 = Error term, t = year & i = firm

Refer to [Table 1](#) for definition of Variables

3.1.2. Model 2

$$\beta_{1-4}$$

Where

ε_{it} = Intercept or constant

β_0 = Coefficient of the independent-variables

Table 1. Descriptive statistics

Acronym	Variables	Measurements
Dependent Variables (firm performance measures)		
TobinQ	TobinQ	Net book -value of an asset minus equity book value & equity of market value divided by total book-value-assets.
ROA	Return on Assets	Profit-after-Interest & Taxation divided by Total Asset
ROE	Return on Equity	Profit after Interest and Taxation divided by Total Asset
Corporate Governance Indicators		
BS	Board size	The total-number of members on the board
BIN	Board independence	The ratio of independent director to total board
BC	Board committee	Number of Board Committees
DOH	Directors' shareholding	Percentage of number of shares held by directors to total shares
BI	Board insider	The proportion of executive directors to the size of the board
BM	Board meeting	The meetings held per year
Enterprise Risk Management Indicators		
ERM	Enterprise risk management index	Reference to section 3.6.2.2
BRCS	Size of board risk committee	Total number of people on the board risk committee
BRCM	Meetings of board risk committee	Number of meetings holding by the Risk Board
BRCI	Board risk-committee independence	Number of independence directors on the Risk Board
Control Variables		
Size	Firm size	Natural Logarithm of Total Asset.
Lev	Leverage	Total-debt divided by (Total Common Equity & Total-Debt).
Tan	Tangibility	Fixed Assets dividing by the Total Assets.
Age	Firm age	The Nigerian Stock-Market Natural Log of the Year under Observation Minus Listing Year.

β_{1-4} = Error term, t = year & i = firm

Refer to [Table 1](#) for definition of Variables

3.1.3. Model 3

ε_{it}

Where

β_0 = Intercept or constant

β_{1-4} = Coefficient of the independent-variables

ε_{it} = Error term, t = year & i = firm

4. Results and discussion

In this section, empirical analysis of regression was presented. Other analysis presented includes descriptive statistics, correlation analysis, and Tobin Q.

The descriptive figures of the factors used for the overall study are provided in [Observation Table 2.](#), mean; standard deviation; minimum value & maximum-value of each component are stated in the descriptive description.

The Tobin's average of q reflecting the business position of the sampled banks is 0.9633 from the company performance measures in [Table 5.](#)

This result indicates that most sampled banks' shares are undervalued (i.e. the cost to replace a firm's assets exceeds its share value) as the mean value is below 1. Whereas the sampled banks' minimum-value of Tobin's q is 0.84, the maximum value of Tobin's q is 1.212. In comparison, the standard-deviation of Tobin's q is 0.079, which suggests that the sampled banks have low uncertainty.

Descriptive overview return-on-asset (ROA) and also return on equity-ROE. The ROA has a mean value of 0.035, with a minimum-value of 0.01 & a maximum-value of 0.283, respectively. This means that an estimate of 3.5% of the income before tax of the banks that are sampled, attributable realized from the overall reserves.

The standard deviation for the return on asset is 0.049, which implies low-profit variability of the selected banks. Furthermore, the return on equity (ROE) exhibits average value of 0.114, which implies that 11.4% of sampled banks' profit are derived from the shareholders' equity. The standard deviation of 0.098 shows low variability between the minimum and maximum value of the selected banks.

5. Findings

The board size, director's shareholding, independent board & the meeting of the board-of-directors are negative. At the same time, Tobin q . has a positive coefficient for the number of board committees. This suggests that there exists substantial partnership between the Deposit Money Banks-DMB, listed in Nigeria's corporate governance (board composition, shareholdings of directors, board independence & board meetings) & financial results (Tobin q). However, at a 5% degree of importance, only the board's independence remains statistically negligible. The average size of the Board Risk Board & the Enterprise Risk Management Index coefficients is 5% negative & statistically relevant. The findings indicate that a sophisticated risk management approach diminishes the business efficiency of listed deposit money banks (DMB) in Nigeria.

Table 2. Descriptive statistics

Variable	Obs	Mean	Std.Dev.	Min	Max
<i>Dependent Variables (firm performance measures)</i>					
Tobin's q	72	.963	.079	.84	1.212
ROA	72	.035	.049	.001	.283
ROE	72	.114	.098	.006	.34
<i>Corporate Governance Indicators</i>					
BS	72	14.306	3.125	7	20
BIN	72	.123	.081	0	.333
BC	72	4.639	1.179	2	7
DOH	72	.076	.106	0	.378
BI	72	.334	.121	.083	.5
BM	72	6.069	2.071	3	12
<i>Enterprise Risk Management Indicators</i>					
ERM	72	4.889	.316	4	5
BRCS	72	7.097	2.144	3	13
BRCM	72	4.056	1.086	0	8
BRCI	72	.174	.133	0	.5
<i>Control Variables</i>					
Size	72	19.958	1.837	14.873	21.976
Lev	72	.536	.386	.001	.91
Tan	72	.027	.014	0	.055
Age	72	1.048	.457	0	1.672

Table 3. Classification of correlation coefficient

Range	Interpretation
0.0 to 0.2	Very weak
0.2 to 0.4	Weak and low
0.4 to 0.7	Moderate
0.7 to 0.9	Strong and high
0.9 to 1.9	Very strong and very high

Source:

There is a negative association between the size of the Board, the shareholding of the Board of Directors, the Board of Directors & the Board of Directors. However, the number of Board committees & the discretion of the Board of Directors are favorable for the Return-on-Asset (ROA). However, at a 5% sense standard, the composition of the board, the freedom of the board and the insider of the board remain statistically negligible. At a 5% significance level, the Risk Board's approximate coefficient of independence is negative and statistically significant

Shareholders, board members & board meetings have a negative performance relationship (ROE). At the same time, the Return-on-Equity (ROE), coefficient is favorable for the number of board sizes, board independence as well as board committees. However, at a 5% sense standard, the composition of the board, the freedom of the board and the insider of the board remain statistically negligible. This indicates that any rise in directors, the board of directors & board of directors' shareholding would result in a decline in the ROE of Nigeria's deposit money banks.

Table 4. Correlation matrix

	TOBIN	ROA	ROE	BS	BIN	BC	DOH	BI	BM	ERM	BRCS	BRCM	BRCI
TOBIN	1												
ROA	0.523***	1											
ROE	0.598***	0.458***	1										
BS	-0.307**	-0.497***	0.0797	1									
BIN	0.0924	0.111	0.289*	-0.322**	1								
BC	0.320**	0.237*	0.324**	0.287*	-0.0458	1							
DOH	-0.179	-0.277*	-0.148	0.165	0.122	0.0147	1						
BI	0.0407	-0.218	0.182	0.543***	0.00701	0.532***	0.292*	1					
BM	-0.348**	-0.171	-0.220	0.284*	-0.308**	0.0393	-0.193	-0.0520	1				
ERM	-0.0171	0.173	0.235*	0.0206	-0.0450	0.117	0.129	-0.169	0.141	1			
BRCS	-0.313**	-0.370**	-0.181	0.664***	-0.258*	0.271*	0.151	0.482***	0.0207	-0.233*	1		
BRCM	-0.110	0.00959	-0.0260	0.182	-0.136	-0.00611	-0.166	0.0822	0.117	0.0182	0.252*	1	
BRCI	-0.131	-0.184	0.0552	-0.120	0.586***	-0.282*	0.0517	-0.246*	-0.00570	-0.0232	-0.356**	-0.26*	1

* $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

Table 5. Corporate governance, enterprise risk management and Tobin's Q

	Dependent Variable: Tobin's q (Market Performance)					
	Without Control Variable			With Control Variables		
	OLS	FE	RE	OLS	FE	RE
	1	2	3	4	5	6
BS	-0.000107 (0.00439)	-0.00405 (0.00483)	-0.000650 (0.00451)	-0.0115** (0.00516)	-0.000156 (0.00463)	-0.0115** (0.00516)
BIN	-0.0181 (0.141)	-0.0102 (0.182)	-0.103 (0.156)	-0.143 (0.176)	0.0124 (0.209)	-0.143 (0.176)
BC	0.0284*** (0.00811)	-0.0147 (0.0143)	0.0127 (0.00994)	0.0326*** (0.00854)	-0.00692 (0.0143)	0.0326*** (0.00854)
DOH	-0.127 (0.0812)	-0.466** (0.219)	-0.157 (0.108)	-0.249*** (0.0814)	-0.186 (0.234)	-0.249*** (0.0814)
BI	0.0177 (0.100)	-0.137 (0.105)	-0.0193 (0.0993)	-0.145 (0.0980)	0.0125 (0.114)	-0.145 (0.0980)
BM	-0.0143*** (0.00413)	0.00119 (0.00652)	-0.0120** (0.00512)	-0.0155*** (0.00360)	-0.00400 (0.00629)	-0.0155*** (0.00360)
BRCS	-0.0182*** (0.00561)	-0.00980 (0.00635)	-0.0145** (0.00585)	-0.0125** (0.00517)	-0.0114* (0.00612)	-0.0125** (0.00517)
BRCM	-0.00102 (0.00751)	-0.00525 (0.00573)	-0.00141 (0.00653)	0.00449 (0.00669)	-0.00249 (0.00544)	0.00449 (0.00669)
BRCI	-0.102 (0.0887)	-0.138 (0.0878)	-0.134 (0.0906)	-0.0631 (0.0920)	-0.139 (0.0920)	-0.0631 (0.0920)
ERM	-0.0267 (0.0278)	-0.0252 (0.0422)	-0.0184 (0.0326)	-0.0461 (0.0278)	0.0601 (0.0468)	-0.0461* (0.0278)
Size	-	-	-	0.00156 (0.00618)	-0.116** (0.0551)	0.00156 (0.00618)
Lev	-	-	-	0.148*** (0.0328)	0.568** (0.264)	0.148*** (0.0328)
Age	-	-	-	-0.0507* (0.0291)	-0.114** (0.0530)	-0.0507* (0.0291)
Tan	-	-	-	1.899** (0.848)	-0.515 (1.881)	1.899** (0.848)
Constant	1.207*** (0.140)	1.402*** (0.232)	1.240*** (0.165)	1.353*** (0.179)	3.002*** (1.071)	1.353*** (0.179)
R-squared	0.475	0.330	0.392	0.649	0.478	0.649
Hausman test	-	-	40.614	-	-	29.63
Prob	-	-	(0.762)	-	-	(0.861)
F-test	5.519	2.461	-	7.517	3.007	-
Prob > F	0.000	0.018	-	0.000	0.0025	-
Wald	-	-	22.66	-	-	105.2
Prob > chi2	-	-	0.012	-	-	0.000
Observations	72	72	72	72	72	72
Number of companies	12	12	12	12	12	12

Standard errors in parentheses
 *** p < 0.01, ** p < 0.05, * p < 0.1

Table 6. Corporate governance, enterprise risk management & return on asset

	Dependent Variable: Return on Asset (Accounting Performance)					
	Without Control Variable			With Control Variables		
	OLS	FE	RE	OLS	FE	RE
	1	2	3	4	5	6
BS	-0.00496*	-0.00415	-0.00340	-0.00130	-0.00181	-0.00130
	(0.00258)	(0.00383)	(0.00304)	(0.00320)	(0.00331)	(0.00320)
BIN	0.0824	0.358**	0.162	0.140	0.207	0.140
	(0.0828)	(0.145)	(0.107)	(0.109)	(0.150)	(0.109)
BC	0.0167***	-0.00586	0.00973	0.0210***	-0.00598	0.0210***
	(0.00477)	(0.0113)	(0.00706)	(0.00530)	(0.0102)	(0.00530)
DOH	-0.0795	-0.137	-0.114	-0.114**	0.125	-0.114**
	(0.0477)	(0.174)	(0.0793)	(0.0505)	(0.167)	(0.0505)
BI	-0.0696	-0.0899	-0.0812	-0.0177	0.0257	-0.0177
	(0.0590)	(0.0830)	(0.0662)	(0.0608)	(0.0813)	(0.0608)
BM	-0.00273	-0.00537	-0.00502	-0.00510**	-0.00477	-0.00510**
	(0.00243)	(0.00517)	(0.00362)	(0.00223)	(0.00451)	(0.00223)
BRCS	-0.00501	-0.00580	-0.00417	-0.00319	-0.00529	-0.00319
	(0.00330)	(0.00504)	(0.00397)	(0.00320)	(0.00438)	(0.00320)
BRCM	0.00309	-0.00115	0.00193	0.00414	0.00318	0.00414
	(0.00442)	(0.00455)	(0.00423)	(0.00415)	(0.00390)	(0.00415)
BRCI	-0.104*	-0.148**	-0.112*	-0.140**	-0.0815	-0.140**
	(0.0522)	(0.0696)	(0.0604)	(0.0570)	(0.0659)	(0.0570)
ERM	0.0138	-0.0291	0.00241	-0.00772	-0.0505	-0.00772
	(0.0164)	(0.0335)	(0.0229)	(0.0172)	(0.0335)	(0.0172)
Size	-	-	-	0.00558	0.0371	0.00558
				(0.00383)	(0.0394)	(0.00383)
Lev	-	-	-	0.0181	0.00546	0.0181
				(0.0203)	(0.189)	(0.0203)
Age	-	-	-	-0.0720***	-0.147***	-0.0720***
				(0.0180)	(0.0380)	(0.0180)
Tan	-	-	-	-0.243	-3.804***	-0.243
				(0.526)	(1.347)	(0.526)
Constant	0.0378	0.364*	0.114	0.0131	-0.128	0.0131
	(0.0824)	(0.184)	(0.117)	(0.111)	(0.767)	(0.111)
R-squared	0.522	0.217	46.1	0.644	0.503	0.644
Hausman test	-	-	40.614	-	-	29.63
Prob	-	-	(0.762)	-	-	(0.861)
F-test	6.661	1.382	-	7.375	3.322	-
Prob > F	0.000	0.216	-	0.000	0.001	-
Wald			21.70			103.2
Prob > chi2			0.0167			0
Observations	72	72	72	72	72	72
Number of companies	12	12	12	12	12	12

Table 7. Corporate governance, enterprise risk management & return on equity

	Dependent Variable: Return on Equity (Accounting Performance)					
	Without Control Variable			With Control Variables		
	OLS	FE	RE	OLS	FE	RE
	1	2	3	4	5	6
BS	0.0190*** (0.00525)	0.0000699 (0.00528)	0.00773 (0.00495)	0.000718 (0.00472)	0.00258 (0.00491)	0.000718 (0.00472)
BIN	0.520*** (0.168)	0.256 (0.199)	0.182 (0.177)	0.202 (0.161)	-0.00440 (0.222)	0.202 (0.161)
BC	0.0188* (0.00969)	-0.00479 (0.0156)	0.00199 (0.0122)	0.0315*** (0.00781)	-0.00507 (0.0151)	0.0315*** (0.00781)
DOH	-0.291*** (0.0971)	-0.606** (0.240)	-0.319** (0.146)	-0.617*** (0.0745)	-0.251 (0.248)	-0.617*** (0.0745)
BI	0.0276 (0.120)	-0.0799 (0.114)	0.0352 (0.106)	-0.138 (0.0896)	0.0630 (0.120)	-0.138 (0.0896)
BM	-0.0161*** (0.00493)	-0.0103 (0.00713)	-0.0147** (0.00619)	-0.0189*** (0.00330)	-0.0102 (0.00667)	-0.0189*** (0.00330)
BRCs	-0.0242*** (0.00671)	-0.0176** (0.00694)	-0.0178*** (0.00649)	-0.0108** (0.00473)	-0.0160** (0.00649)	-0.0108** (0.00473)
BRCM	-0.00174 (0.00898)	0.00197 (0.00626)	0.00319 (0.00655)	0.00636 (0.00612)	0.00711 (0.00577)	0.00636 (0.00612)
BRCI	-0.167 (0.106)	-0.143 (0.0960)	-0.128 (0.0963)	-0.156* (0.0841)	-0.0391 (0.0975)	-0.156* (0.0841)
ERM	0.0555 (0.0333)	0.00786 (0.0461)	0.0466 (0.0392)	-0.00971 (0.0254)	-0.0103 (0.0496)	-0.00971 (0.0254)
Size	-	-	-	0.00642 (0.00565)	0.0287 (0.0583)	0.00642 (0.00565)
Lev	-	-	-	0.271*** (0.0300)	0.0771 (0.280)	0.271*** (0.0300)
Age	-	-	-	-0.0773*** (0.0266)	-0.155*** (0.0562)	-0.0773*** (0.0266)
Tan	-	-	-	-0.266 (0.776)	-5.446*** (1.994)	-0.266 (0.776)
Constant	-0.262 (0.167)	0.343 (0.253)	-0.0186 (0.203)	0.0808 (0.164)	-0.00219 (1.135)	0.0808 (0.164)
R-squared	0.502	0.238	0.33	0.805	0.442	0.805
Hausman test	-	-	21.98	-	-	52.19
Prob	-	-	(0.152)	-	-	(0.131)
F-test	6.141	1.563	-	16.78	2.605	-
Prob > F	0.000	0.146	-	0.000	0.007	-
Wald	-	-	16.61	-	-	235
Prob > chi2	-	-	0.083	-	-	0.000
Observations	72	72	72	72	72	72
Number of companies	12	12	12	12	12	12

Standard errors in parentheses

*** p < 0.01, ** p < 0.05, * p < 0.1

6. Conclusion and recommendation

Due to the atypical activities of fraudulent directors, the effectiveness of corporate-governance in protecting and upholding the key-interests of corporate depositors, investors as well as other corporate stakeholders has been proven due to recurring failures of DMB (deposit money banks), not just Nigeria alone, but around the world.

The pay-off to corporate companies as well as other divisions of the economy for these errors is both immense and unsustainable. This study analyzed the relationship amongst listed Deposit Money Banks (DMB) in Nigeria between corporate-governance, risk management & financial efficiency. The results suggest that the composition of the board is negative for the directors, the freedom of the board & the meeting of the board, although Tobin q has a positive coefficient for the number of board committees. However, at a 5% importance level, only the board's independence remains statistically negligible. For enterprise risk management measures, the estimated coefficients for the size of the board risk committee and the enterprise risk management index are negative & at a level of 5% it is statistically significant. Outcome of analysis show that a sophisticated risk management strategy undermines the company's market performance.

Policy maker as well as financial institutions should aid banks to improve their performance by setting up structures for corporate governance disclosure. Companies should re-examine the queries of the frequency of meetings of the Board. Attention should be focused and focused on the efficiency and not the frequency of meetings of the Board. Proper corporate risk management practices should be encouraged with financial regulations carrying out frequent quality control checks to ensure compliance.

Funding

This work was supported by the Covenant University Centre for Research, Innovation and Discovery; Covenant University Centre for Research, Innovation and Discovery; Covenant University Centre for Research, Innovation and Discovery; Covenant University Centre for Research, Innovation and Discovery; Covenant University Centre for Research, Innovation and Discovery.

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Citation information

Cite this article as: Corporate governance, risk management and financial performance of listed deposit money bank in Nigeria, Abiola Kafidipe, Uwuigbe Uwalomwa, Olajide Dahunsi & Faith Ojone Okeme, *Cogent Business & Management* (2021), 8: 1888679.

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