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Corporate Governance and Firm Performance: Evidence from Deposit Money Bank in Nigeria

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Abstract: This study examined the effect of corporate governance on firm performance in Nigeria. It specifically examined the effect of board director and managerial ownership on profit after tax of listed deposit money bank in Nigeria. Secondary source of data was employed through ex post facto research design. Census sampling technique was employed for the fourteen listed Deposit Money Bank spanning for the period of 2010-2020 .84 observation were assessed using multiple regression model. A strong multiple regression model was used to analyze the nexus between board of directors and managerial ownership. The multiple regression result of the findings showed that board size has positive and significant effect on profit after tax with a coefficient of 0.319 at 0.005 level of significance, while managerial ownership has negative and significant effect on profit after tax with a coefficient of 0.102 at 0.005 level of significant (p=0.045). It was concluded that corporate governance has significant effect of firm performance of listed Deposit Money Bank in Nigeria Exchange Group. However, it was recommended that agency problem between manager and owners may be mitigated by keeping managerial ownership stake in a company low. This can assist keep costs down in the event of bankruptcy and provide for better oversight and control of management. With improved corporate governance provided by a larger board, firms may find it less difficult to get access to cheaper types of external capital, hastening the desired leverage ratio.

Keywords: Corporate Governance Board of Directors; Managerial Ownership; Profit After

JEL Classification: E41

1. Introduction

Corporate governance has been a key policy issue during the last three decades. Corporate governance is a hotly contested subject due to the many issues at play, including, on the one hand, the firm's performance, and the information the company should make public, and, on the other, the process of corporate governance and the kind of information on corporate choices. The issue of making corporate financial reporting more apparent to stakeholders, which is essential to the efficacy of the oversight groups set up to oversee the company. To maximize shareholder value is, according to the neoclassical theory of market economy, the pinnacle of "good corporate governance," and hence, the focus of academic study in this area.

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The premise of this theory is that in a developed or market economy, optimal allocation of scarce resources may be ensured by functioning markets for capital, labor, and products. Though the market is often cited as the source of allocation decisions, Abor (2007) contend that top-down corporate decision-making is more often to blame. Since "Asset Specificity" requires administrative control over resource allocation, Bover. (1995) argues that large investors have an agency problem.

Anderson, Mansi, and Reeb. (2004) emphasize the limitations of human allocative decision-making by focusing on cognitive and behavioral limitations as two areas of agency problems. One cognitive limitation at play here is bounded rationality, or the inability to see some types of knowledge. Since this is the case, investors are left in the dark as to whether their chosen managers are allocating capital effectively. This hidden action reflects the productivity that is inherent in an individualistic culture where managers as agents are more likely to allocate resources for their personal advantage than in the interest of the firm's owners. Therefore, it is crucial to look at the relationship between corporate governance and firm performance. This suggests that companies with strong governance tend to outperform those with weak governance. Can an effective managerial ownership be differentiated from an ineffective one? Is there any proof that board of director able to boost the company's performance? These are only some of the questions that will be answered over the rest of the essay. This study aims to address this knowledge gap by reviewing fresh empirical evidence on how corporate governance affects the firm performance.

The primary objective of this study is to examine the effect of corporate governance on firm performance of listed Deposit Money Bank in Nigeria Exchange Group

The specific objectives are to:

• determine the effect of board of directors on profit after tax of listed Deposit Money Bank in Nigeria Exchange Group;

• ascertain the significant influence managerial ownership on profit after tax of listed Deposit Money Bank in Nigeria Exchange Group;

• This study contributes to the corporate governance canon in several important ways, including: One, it's a novel attempt to establish a link between the control of after-tax profits and the board of directors and management. Second, a brand-new approach, never before used to the authors' knowledge in the literature, is applied to look at the link between leverage and corporate governance. Our work adds to the existing body of knowledge since we used the Generalized Method of Moments (GMM) estimator to control for endogeneity. Third, there are policy implications for many stakeholders to discover how corporate governance effects company performance.

2. Literature Review

2.1. Corporate Governance

There has been extensive research of corporate governance challenges for over 30 years. The term may have a variety of meanings depending on who is doing the defining. The investor's conception of a management, for instance, can be different from the company's. According to Shoaib, and Yasushi, "both the promise to refund a fair return on money invested and the commitment to run a firm successfully with a given investment" is one definition of corporate governance from the perspective of the investor (2015). It is now clear that the need of attracting investors and generating a satisfactory rate of return is a primary driver behind the definition. Since a consequence, Shoaib, and S. Yasushi (2015) suggest that business level governance may be more relevant in developing economies with weaker institutions, since it helps in distinguishing enterprises.

The purpose of excellent corporate governance, as stated by Yermack, (1996), is to guarantee that businesses are managed in the benefit of their shareholders. The topic of corporate governance explores how corporations' internal governance systems intersect with how the public understands the level of corporate accountability, (Sumani, 2012). Abor (2007). define corporate governance as the process through which a company's leaders (the board of directors) formulate and implement policy and strategy. Aoki (2004) explains that this term refers to the understanding between the company's management and its shareholders about how the management would update the shareholders on the company's financial health. "The method through which corporations are governed and controlled," the Cadbury Committee described corporate governance as back in 1992.

Arellano and Bover. (1995) define corporate governance as "the structures, processes, cultures, and systems that facilitate the successful management of organizations." To that end, the notion may focus on the company's relationships with the various members of its ecosystem (Cadbury Committee, 1992). Those in charge of management must be scrutinized and held responsible for their activities.

Experts have had difficulty not just defining "corporate governance," but also pinpointing the factors that distinguish well from bad corporate governance procedures. In this piece, we will look at the elements of good corporate governance and why they are important. The research also covers the question of firm performance, which has been viewed in many ways throughout the years. Others believe a corporation to have performed well if it has generated a lot of profit or increased its present value, while still others focus on the rise in share prices as a proxy for corporate performance. The paper's techniques section goes into further detail on this topic.

Board of Directors: There's a consensus that if the board of directors were smaller, the company's output would increase. The size of the board of directors has been shown to have a significant impact on the performance of organizations, even though there is no scientific limitation on the number of directors, or any level identified as acceptable for the size of the board. Mansi, and Reeb. (2004) give support for this assertion, suggesting that boards with more members have a lower cost of debt.

Managerial Ownership: Research demonstrates a link between a firm's performance and whether its management have shares in the business. It stands to reason, therefore, that only organizations whose managers take some measure of personal responsibility for the company's performance can really achieve that achievement. As a result, the number of shares that the company's management personally holds is used to determine ownership.

Firm Performance

A company's profitability reflects how well its resources are being used. The success of a company financially has come to define it, since it is the key to its longevity, adaptability, and expansion. (Ranti, 2013). For example, Berger, Ofek, and Yermack. propose using a company's financial performance as a surrogate for its profitability (Olaniyan, et al,2021). Various proxies for firm performance have been offered on various exiting literature. However, this study used PAT (net profit after taxes) as a proxy for firm performance.

2.2. Theoretical Underpinned

2.2.1. Resource Dependency Theory

Resource Dependence Theory places an emphasis on the role of the board of directors in securing the company's resources, while the latter, known as the Strategic Alliance Theory, highlights the value of forming alliances with several organizations for mutual benefit. The resource dependence hypothesis, which investigates the factors that contribute to the success of businesses, places a premium on the roles played by directors due to the external connections they bring to the table (Brailsford and Oliver 1999). Important resources include knowledge, experience, connections to influential people and organizations (such as suppliers, customers, governmental officials, and interest groups), and credibility. According to the resource dependence hypothesis, having members from outside groups appointed to a company's board may help the company get access to vital resources. A non-executive director with an engineering background, for instance, can provide valuable counsel at no cost at board meetings or to the executive team. Provided with these assets, organizations may boost productivity, survival, and effectiveness (Shoaib & Yasushi, 2015).

2.2.2. Empirical Justification

Many empirical studies aim to measure the influence that corporate governance has on firm performance, as indicated by the extant literature. Keasey, and Duxbury. (2002) looked at the impact of corporate governance on the development of the Nigerian banking sector. The data was gathered from 120 bank managers through surveys. Using purposive sampling and the Pearson Product Moment Correlation, we tested whether the role of the external auditor and the composition of boards of directors were significantly correlated with good Corporate Governance in the banking sector. The findings suggest that many troubled Nigerian banks suffer from inadequate corporate governance. According to the findings, a bank's overall performance might be enhanced by fostering a more transparent, forthright, and impartial work environment.

The Nigerian banking industry was the focus of an investigation by Singh and Tabassum, (2018), who set out to determine whether good corporate governance had any effect on the sector's profitability. Secondary information was compiled using readily available resources like the annual reports of the financial institutions. Pearson Correlation and regression analysis were used to examine the research hypotheses. This research found a negative but statistically significant correlation between board size and the financial performance of the banks studied. However, a positive and statistically significant correlation was found between directors' equity interest, the level of corporate governance disclosure index, and the financial performance of the banks in the study.

Corporate governance procedures and their influence on the performance of commercial banks without access to an organized stock market were examined by Fanta, Kemal, and Waka (2013), who based their findings on data from a sample of 9 commercial banks. The purpose of this study was to use the audited annual financial statements published on the National Bank of Ethiopia (NBE) between 2005 and 2011 to analyze the connection between chosen internal and external corporate governance measures and bank performance (as evaluated by ROE and ROA) (as evaluated by ROE and ROA). Both descriptive statistics and multiple regression analysis were used in this investigation. The research indicated that larger banks performed better than smaller banks, whereas the presence of an audit committee on the board had a detrimental influence on bank performance.

Fidanoski et al, (2013) evaluated the association between bank performance and parameters such as board size, board composition, and CEO traits. This study used as its sample a random selection of 15 banks that were both NBRM and MSEC registered during the years of 2008 and 2011. The regression model demonstrates that an increase in the size of either the Supervisory or the Managing board has a positive effect on the bank's profitability as assessed by ROA. A larger Managing board of a Macedonian bank is associated with more efficiency, according to the study.

Osuagwu examined how Nigeria's deposit money banks (DMBs) perform in terms of efficiency as a result of corporate governance (2013). The study's goals were to (1) determine the effectiveness of corporate governance in Nigerian deposit money banks and (2) determine the degree to which these institutions comply with corporate governance norms. A descriptive research method was utilized to determine that in the Nigerian banking sector, non-compliance to corporate governance code harms bank performance. Findings suggest that Deposit Money Banks in Nigeria may better weather the country's choppy financial market by adopting and rigidly enforcing full disclosure policies and transparency principles of corporate governance.

Researchers Akingunola, Adedipe, and Olusegun examined the relationship between corporate governance and bank performance in Nigeria (2013). Their major focus was on investigating how corporate governance and bank performance have changed because of bank mergers in Nigeria. The research primarily relied on the three criteria of profit, return on equity, and return on assets. They used ordinary least squares regression as their method of data analysis. While both deposit mobilization and loan issuance continued to rise yearly during this time, they were more strongly (but not statistically significantly) correlated with bank performance during the consolidation era. It seemed that the most crucial factors in a bank's performance were the managerial traits of the managers the bank employed and the degree to which such traits were enthusiastically adopted. The authors conclude that to prevent financial and economic crime, banks should embrace fiduciary responsibility, which includes transparency, honesty, and fairness (corporate governance rules).

In 2013, Joshua, Joshua, and Tauhid investigated how incorporating CG principles into daily operations impacted the bottom lines of Nigerian deposit money banks. Access Bank Plc., First Bank of Nigeria Plc., and Wema Bank Plc. were selected utilizing a judgmental sampling technique for this study. This study, which used a t-test analysis approach, found no correlation between board makeup and financial success at the bank. According to the findings, Deposit Money Banks in Nigeria should improve their financial performance assessment methodologies by including more Corporate Governance metrics.

3. Methodology

This study employs a quantitative approach to investigate the relationship between the independent and dependent variables. The population of this research consists of the 14 DMBs that were traded on the NSE as of December 31, 2020. The sector is a big player in the Nigerian economy, accounting for nearly

70% of market capitalization, which warrants employing DMBs as the study population. (NSE, 2018). Table 1 represents the population as a whole.

Table 1 List of DMBs used as Population of the Study

S/N	Company	Date Listed
1	Access Bank Plc.	1998
2	Ecobank Transnational Incorporated	2006
3	FBN Holdings Plc	2012
4	FCMB Group Plc.	2013
5	Fidelity Bank Plc	2005
6	Guaranty Trust Bank Plc.	1996
7	Jaiz Bank Plc	2017
8	Stanbic IBTC Holdings Plc	2012
9	Sterling Bank Plc.	1993
10	Union Bank Nigeria Plc.	1971
11	United Bank For Africa Plc	1970
12	Unity Bank Plc	2005
13	Wema Bank Plc.	1991
14	Zenith Bank Plc	2004

Source: Author s Compilation from NSE website, 2022

The research employed census sampling to cover all the 14 DMBs. Data on all the dependent and independent variables were gathered from the published financial statements of the 14 DMBs during the period of research. As a result, we have 84 observations from a balanced panel data set consisting of 14 DMBs across a six-year period (2015-2020). Multiple regression is utilized because of the dynamic panel effect in the data. It required performing post-estimation tests of Heteroscedasticity and estimating the outcome of an Ordinary Least Square (OLS) regression model. This test occurred after the pre-estimation test for normality and multicollinearity.

3.1. Measurement of Variables

3.1.1 Corporate Governance Variables

The size of the MOW and BOD are often cited as two of corporate governance's most important factors in determining an organization's success. Managerial ownership (MOW) as this was used as an independent variable to measure corporate governance in this study.

Board of Directors; Board of directors which is also refer as board size in this study serves as independent variable which can be measured based on growth rate (GRT), liquidity (LIQ), business Risk (BRK), financial leverage, (FLV) are determinants with sloped coefficients when they move between regimes depending upon the level of MOW.

Managerial Ownership: Managerial ownership serves as independent variable which can be measured based on growth rate (GRT), liquidity (LIQ), business Risk (BRK), financial leverage, (FLV) are determinants with sloped coefficients when they move between regimes depending upon the level of MOW.

Firm Performance: The measurement of firm performance can apply the use of Profit after Tax which entails the classical firm's indicators used by firms to measure their performance.

Model Specification

This analysis uses profit after taxes as the dependent variable and the number of directors on the board, the percentage of managers who hold stock in the company, the amount of financial leverage, the liquidity ratio, and the dividend per share as the independent factors. The metrics were developed after reviewing existing empirical research on corporate governance and business effectiveness. Empirical data was used to modify a regression model like one used in Yusuf and Sulung (2019). This model was essential in confirming or refuting the study's hypotheses and accomplishing its goals. This is the functional specification of the model:

PAT = f (BSZ+MOW+ LQT+ FLV +GRT+EPS)

The econometric specification is as follows:

$(PAT)it = b0 + b_1(BSZ)\ it + b_2(MOW)\ it + b_3(LQT)\ it + b_4(FLV) + b_5(GRT)\ it + b_6(EPS)\ it + \varepsilon it$

Where:

PAT = Profit after Tax, BSZ =Board Size, MOW =Managerial Ownership, LQT=Liquidity, FLV=Financial Leverage, GRT=Growth Rate, and EPS=Earnings per Share b_0 = Intercept for X variable of company

e = Error term

i = cross sectional variable

t = Time series variable

This analysis extends from 2010 to 2020 and makes use of both descriptive and inferential statistics. Inferential statistics, such as correlation and regression analysis, were used in the investigation. The degree of associations between the variables was determined using Pearson correlation, and hypotheses about the influence of the relevant factors on the results of the firms under study were tested using panel data regression analysis.

4. Results and Discussions

In this section, we display the descriptive statistics of all variables, as well as the remaining information that was gathered for the study. After this comes the correlation matrix, which details the connections between the explanatory variables and the variable being explained. This section reveals the outcomes of the regression tests run to guarantee their accuracy.

4.1 Robustness Test of Explained and Explanatory variables

Before settling on robust regression as the method of analysis, the study ran robustness tests for heteroscedasticity, multicollinearity, and normality of the explained variable.

4.1.1 – Checking Homoscedasticity of Residuals

The heteroscedasticity test of Breusch-Pagan/Cook-Weisberg was used to see whether the error terms are consistent across time. Heteroscedasticity shows that the error term is unstable and should be studied further. The test findings are provided in Table 3, where a small probability of chi square, less than percent (P = 0.0012), indicates that the data residuals are homoscedastic. This implies the presence of heteroscedasticity, suggesting the usage of robust regression to solve the problem.

Table 3 Heteroscedasticity Test Results

Tests Statistics	chi2 Value	Probability of Chi2
Heteroscedasticity Test	10.52	0.0012

Source: Stata Output, 2022

4.1.2. Checking for multicollinearity

The standard error of the variable coefficients is magnified, and the estimate of the regression coefficient becomes unstable, when three or more explanatory variables are strongly intertwined. Multicollinearity describes such a situation. To check for multicollinearity, we used the Variance inflation factor (VIF) and its corresponding tolerance levels. The Variable Identification Function (VIF) value of a variable should generally not exceed 10, and the tolerance should not be less than 0.1. Table 4 reveals that not a single variable has a VIF more than 10, and that all of them have tolerances greater than 0.1. Because of this, it can be concluded that multicollinearity is not present among the variables used to explain the results of the research.

Table 4: Variance Inflation Factor and Tolerance values

Variable	VIF	I/VIF
MOW	1.66	0.6033
FLV	1.59	0.6281
BSZ	1.42	0.7034
EPS	1.41	0.7072

Source: Stata Output, 2022

4.1.3 – Test for normality

Table 5 shows the results of a Shapiro-Wilk W test for normality of data, which shows that the probabilities of all the variables used are less than 1%. This indicates that the data are acceptable for analysis since the variables used in the study have a normal distribution.

Table 5: Results of Shapiro-Wilk test

Variable	Obs.	W	V	Z	Prob
PAT	84	0.7981	14.426	5.864	0.00000
BSZ	84	0.8784	8.867	4.750	0.00000
MOW	84	0.8879	8.012	4.572	0.00000
FLV	84	0.7721	16.280	6.130	0.00000
EPS	84	0.5285	32.258	7.632	0.00000

Source: Stata Output, 2022

4.2. Descriptive Statistics

The sample descriptive statistic is first presented in Table 6.

Table 6. Descriptive statistics Results

Variable	Mean	Std. Dev.	Min	Max	N
PAT	0.715	0.361	-0.708	1.057	84
BSZ	0.869	0.339	0	1	84
MOW	7.409	0.793	5.121	8.511	84
FLV	0.717	0.456	0.008	2.548	84
EPS	0.029	0.049	-0.094	0.283	84

Source: Stata Output, 2022

Table 6 presents the summary explained variable, explanatory variables, and control variables for the entire panel of DMBs over 6 years (2015 to 2020). The average PAT is 72% of pre-tax book income and fluctuates with about 36% from the average. This implies that average DMBs in Nigeria avoid tax by declaring high difference between accounting profits and taxable profits. The minimum value of PATs are -0.708 while the maximum value is 1.057. This maximum value signifies that some DMBs recorded PATs higher than managerial ownership. The average value of Board size is 0.869 indicating that about 87% of DMBs in Nigeria. The standard deviation of Board size is approximately 34%. This means that the Board size deviates from mean to both sides by 34%. The minimum and maximum values of Board size is approximately 0 and 1 respectively. In addition, results in Table 6 show that the managerial ownership has an average value of 7.411 while its standard deviation is 79%. The minimum value is 5.121 while the maximum value is 8.511. This indicates that the rate at which DMBs increase managerial ownership is high possibly owing to the investment allowances expected.

4.3. Correlation Matrix

The results of correlation matrix are presented in table 7 in order to depict the direction of relationship between the explained variables and the explanatory variables as well as the relationship among the explanatory variables. The correlation coefficient assists in detection of serial correlation among the explanatory variables.

Table 7. Results for Correlation Matrix

Variable	PAT	BSZ	MOW	FLV	EPS
PAT	1.0000				
BSZ	0.1381	1.0000			
MOW	-0.2789	0.3578	1.0000		
FLV	-0.1853	-0.1550	0.4310	1.0000	
EPS	0.0984	0.2363	-0.2781	-0.4852	1.0000

Source: Stata Output, 2022

Table 7 contains results depicting that PAT has positive relationship of approximately 13% with Board size. The implication is that high Board size increases PAT which go a long way in increasing organization performance. This is because higher profit after tax signals the existence of managerial ownership practices. The coefficient of correlation on the relationship between profit after tax and managerial ownership is negative and approximately 28%. This implies that the higher the managerial ownership the lower the profit after tax. The implication is that managerial ownership decreases the possibility of increasing profit after tax. The two control variables – financial leverage and EPS, have negative and positive correlation with profit after tax of approximately 19% and 10% respectively. This implies that high financial leverage firms reduces the possibility of managerial ownership. Conversely, the higher the EPS of DMBs in Nigeria the higher the board size. Table 7 shows the direction and level of association among the explanatory variables. The range of this correlation is from -43% between management ownership and financial leverage to -16% between Board size and financial leverage.

4.5. Regression Results

The two results of the model using OLS and robust regression are summarized in table 8:

Table 8. Results of Regression

Variables	OLS Regression			Robust Regression		
	Coeff.	**T-Val.**	**Sig.**	**Coeff.**	**T-Val.**	**Sig.**
BSZ	0.326	2.47	0.015	0.319	2.92	0.005
MOW	-0.187	-3.08	0.003	-0.102	-2.03	0.045
FLV	-0.003	-0.03	0.974	-0.047	-0.54	0.588
EPS	-0.657	-0.73	0.465	-0.854	-1.15	0.253
Constant	1.842	4.72	0.000	1.321	4.08	0.000
R^2	0.1490					
Adj R^2	0.1059					
F Stat	3.46					

F – Sig	0.0118	

Source: Author's Computation 2022 using Stata

The results in Table 8 after correcting for heteroscedasticity show that beta coefficient of Board size stands at 0.319 and statistically significant at 1% (p = 0.005). This positive coefficient indicates that Board size has positive effect on Profit after tax of DMBs in Nigeria. This means that higher Board size results in higher PAT. The implication of this result is that DMBs corporate governance record increasing board size by the management because higher PATS indicates existence of board size.

The beta coefficient of MOW from Table 8 indicates a negative value of -0.102 and statistically significant at 5 percent (p = 0.045. The result show that higher managerial ownership led to lower PAT. This is an indication that even with increase managerial ownership, the profit after tax DMBs decreases. This result implies that corporate profit after tax is negatively affected by managerial ownership.

In relation to the control variables, result is Table 8 showed that financial leverage is found not to be significant in explaining the number of board practices. This is evident from the negative beta coefficient (-0.047) with p-value of 0.588 (higher than 10%). This result implied that the financial leverage of the DMBs studied, even though negatively related to PAT is not a significant factor in determining board size. On the other hand, EPS depicted a beta coefficient of -0.854 which is also not statistically significant at all (p = 0.253). This result implies that EPS of DMBs in Nigeria is not significantly affecting board size.

The F statistics shows a value 3.46 which is significant at 5% (P = 0.0118) which indicates fitness of the model. The value of coefficient of determination (R^2) is 15% and the adjusted R^2 is approximately 11%. This signifies those variations in dependent variable is explained by the independent variables up to 15%.

4.6. Hypotheses testing and Discussion of Findings

The study's null hypothesis is that net profits do not increase when their boards of directors become bigger. Since the significance level is less than 1% in Table 8, it appears that this hypothesis may be rejected. Instead of employing additional outside money, extending the board was more effective. Our findings are comparable with those of previous studies that have showed a positive link between board size and PAT, and these investigations have been done by researchers from both industrialized and developing countries. This finding contradicts the findings of prior studies which suggested that management ownership significantly reduced post-tax profitability.

Second, we reject the null hypothesis and find that management ownership does have an important effect on the after-tax profits of DMBs in Nigeria. At the 5% level of significance, the coefficient of investment in MOW was shown to be positive. The second study's null hypothesis may be disregarded as a consequence. An upsurge in net income has a deleterious influence on the value of shares owned by management. This contradicts the signaling theory (John & Williams, 1985), which implies that successful enterprises are more inclined to offer dividends to their shareholders as a method of displaying their success. This is because the study demonstrated that management ownership genuinely has a detrimental influence on DMBs' profitability after tax in Nigeria.

5. Conclusions and Policy Implications

This research examines the relationship between management ownership and the size of the board of directors and financial performance for a sample of 14 deposit money banks traded on the Nigerian Stock Exchange. The effects of board size and management ownership on a company's performance were also investigated.

Companies operating in the public glare, no matter their industry, often discuss the merits of good corporate governance. In this essay, we focus on the corporate governance issues facing Nigeria's deposit money banks and explain why they are so crucial. Studying publicly traded Nigerian deposit money banks led the researchers to find that institutions with more board members often performed better. This study provides preliminary evidence that Nigeria's deposit money institutions should follow corporate governance standards. Our findings suggest that a more robust board is associated with better management because it can exert more influence over the company's management, create more opportunities for employees, conduct more thorough internal audits, and offer a more strategic perspective thanks to the addition of external directors.

This study indicates that just 12.9% of firms are owned by their managers, despite a strong link between management ownership and company performance (PAT). The favorable association between management ownership and company success when utilizing PAT as a performance indicator was not statistically significant. Our research does not support the claim that more management participation on boards has a detrimental effect on financial performance. The size of the board has little effect on productivity, we find. The size of boards appears to be less of a problem than the quality of the persons sitting on them due to the considerable influence of board independence and gender diversity on firm success. Furthermore, our findings show that a company's size and age play important roles in determining its level of success.

Smaller shareholders in Nigeria's Deposit Money Bank would be severely harmed if larger shareholders used their control rights to expropriate the bank's assets. Since the majority shareholders in Nigerian deposit money banks have disproportionate influence due to their high levels of concentrated ownership and board and management positions, minority shareholders' interests must be safeguarded.

Even though this study found some encouraging results, it should be noted that its sample size is small and that it was done in a narrow field. It's important for studies to extend longer than six years since the effects of external influences don't manifest until much later. Despite a significant correlation between management ownership and company success, this research finds that just 12.9% of businesses are owned by their managers (PAT). When using PAT as a performance metric, the positive correlation between management ownership and business performance was not statistically significant. Our findings provide little support for the hypothesis that more management representation on corporate boards negatively impacts financial results. Once again, we discover no correlation between board size and productivity. Due to the strong impact of board independence and gender diversity on company performance, it seems that the size of boards nowadays is less of a concern than the quality of the individuals serving on them. Our research also provides evidence that the size and age of a company have a substantial impact on the company's success.

Large shareholders in Deposit Money Bank in Nigeria have the power to exercise control rights and might potentially expropriate the company's assets, which would be disastrous for the bank's smaller shareholders. Since dominating shareholders in Deposit money banks in Nigeria exert dominant power via high levels of concentrated ownership and board and management positions, protecting the rights of minority shareholders is crucial. While the findings of this research are promising, it is important to keep in mind that the sample size is limited, and the study was conducted in a very specific sector. Because the impact of exogenous factors does not occur until later time periods, studies should last longer than ten years.

The results provide weight to the claim that corporate governance influences company success, therefore confirming the link between the two. Our findings reveal that managers want to increase capital while decreasing bankruptcy costs, so easing the agency conflict between them and their owners. There was also the noteworthy discovery that businesses with bigger boards achieve optimum leverage sooner. This may be because larger boards have greater access to cheaper external sources of finance.

Our findings have important policy implications for a wide variety of stakeholders due to the central role that corporate governance plays in defining how a firm function. The results add to a better understanding of the crucial function and influence of the degree of MO and the effective monitoring and regulating procedures, both of which in turn lead to better financing choices under corporate governance. The agency problem between managers and owners may be mitigated by keeping management's ownership stake in a company low. This can assist keep costs down in the event of bankruptcy and provide for better oversight and control of management. With improved corporate governance provided by a larger board, firms may find it less difficult to get access to cheaper types of external capital, hastening the desired leverage ratio.

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