IMPACT OF CORPORATE GOVERNANCE ON ORGANIZATIONAL PERFORMANCE IN THE NIGERIAN BANKING INDUSTRY

BY

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BEING A DISSERTATION PROPOSAL SUBMITTED TO THE FACULTY OF MANAGEMENT SCIENCES, DELTA STATE UNIVERSITY, ASABA CAMPUS, IN PARTIAL FULFILLMENT FOR THE AWARD OF DEGREE OF MASTER OF SCIENCE (M.Sc.) DEGREE IN MANAGENT

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DECLARATION

I hereby declare that this dissertation is a product of my original ideas and has not been previously submitted either in part or in full to any institution for the award of any certificate or degree whatsoever.

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CERTIFICATION

It is hereby certified that this dissertation which was written and submitted by David, Anuku (PG/12/13/214592) of the Department Business Administration, Faculty of Management Science, Delta State University, is accepted in partial fulfillment of the requirements for the award of Masters (M.Sc) degree in Management.

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To God Almighty who guided me throughout this work

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ABSTRACT

The aim of the study is to access the impact Corporate Governance on Organizational Performance of banks. Good corporate governance is essential for achieving long term corporate goals and to enhance stakeholders' value. The study population is made up of employees of the sixteen banks in Asaba. Survey research design method was employed, stratified sampling method as well as simple random sampling was used. Linear regression analysis was employed for the analytical purpose to review the nature of statistical significance among variables. The findings revealed that there is significant positive relationship between ethical behavior, composition and size of board of directors, corporate culture, proper financial reporting and organizational performance, implying that corporate governance significantly impact positively on organizational performance. The study concludes that proper financial reporting affect organizational performance as transparency in financial reporting in the banking industry is improved, there are still observed ethical issues of governance and financial reporting in the banking industry, financial reporting challenges is significantly affected by ethical challenges of corporate governance in banks and adequate financial reporting influence organizational performance. The study thus *recommends that Banks should as a matter of policy ensure that proper financial reporting is obtainable in their organizations in order to boost organizational performance. Banks should frown at unethical behavior put forward by their employee's and appropriate disciplinary actions/measures should be meted on employees that are found wanting so as to achieve an impressive performances. Organizations should encourage partnership because one-man ownership does not encourage continuity especially after the death of the original owner. Thus business in Nigeria should be encouraged to enlist with the Nigeria Stock Exchange (NSE) so as to diversify ownership and eventual expertise.*

CONTENTS

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

In recent years, renewed interest seems to be generated among researchers and practitioners globally on the role of effective regulatory policies and the quality of corporate governance processes in promoting best management practices. In the Nigerian competitive business environment corporate governance seems critical for all medium and large organizations and it appears to be eliciting enormous public concern.

No doubt, banks intermittently face uncertainty, rapid change in product and processes, increasing importance/concentration on skills, service quality, change in manpower, etc which call for greater attention, to enable them cope, and advance towards enhanced competitive advantage and effectiveness. Good corporate governance practices are characterized by an organization commitment of it ethical practices in all its dealing with a wide group of stakeholders.

Various stakeholders seek to balance the interest of its stakeholders so as to achieve and maximize long term sustained value for the financial and other legal and contractual obligations. The Nigerian Banking Sector has been challenged by the deteriorating quality of its credit assets as a result of the significant dip in equity market indices, global oil prices and the sudden depreciation of naira against global currencies.

Profits and returns suffered as a result of huge provisioning, while shareholder's equity was hemorrhaged. This development has created liquidity and credit shortages in the nation's financial system (Adeusi et al, 2013). Therefore this study is focused on the impact of corporate governance practices in organizational performance of Nigerian banking sector.

1.2 Statement of the Problem

The lack of effective corporate governance in Nigeria has worked to the detriment of shareholders and stakeholders who have lost interest in the system. The survival and stability of any financial sector appear to be dependent on the quality of its governance.

In spite of several reforms gather together by government to strengthen this banking sector but the effort of the banks still result to failure. The crisis of confidence that had strengthened nations' banking sector alerts government to the importance of maintaining good corporate governance in order to ensure stability of the economy. Hence, regulators and researchers attention have turned towards investigating the impact of the corporate governance on organization performance.

Banks that defraud customers' funds claiming that they are floating funds also appear to favour their own interests over customers' safety and welfare. Unfortunately, unethical organizational practices had led so many organizations into their downfall. Due to the recent economic restructuring in Nigeria, many smaller companies seem to be flourishing.

This business growth has enabled Nigeria to successfully move from the former communist way of government to greater privatization and economic progress. Despite these positive circumstances, Nigerian business encounters a number of barriers. For instance, there are a number of ethical concerns facing Nigerian business-persons. Such actions could improve the quality of life within the local community.

No CSR projects appear to focus on aiding the social actions that could improve corporate competitiveness. Studies carried out so far on the subject of corporate governance in Nigeria have concentrated exclusively on organizations quoted on the Nigerian Stock Exchange (Adenikinju & Ayorinde, 2001; Babatunde & Olaniran, 2009; Kajola, 2008; Sanda, Mikailu & Garba, 2005) in Joe & Kechi, (2011).

Although the basis for this choice is understandable, it however creates a problem of exclusion, and forecloses a comprehension of the corporate governance behaviors and outcomes of private medium and large firms which make up the bulk of organizations across the various business sectors of Nigeria.

1.3 Objective of the Study

The general objective of this study is to determine the impact of corporate governance on organizational performance in the Nigerian banking industry.

Other specific objectives are:

i. To ascertain the effect of ethical behaviour aspect of corporate governance on organizational performance.
ii. To ascertain the influence of composition and size of the board of directors on organizational performance.
iii. To examine the relationship between corporate culture and organizational performance.
iv. To determine the effect of Proper Financial reporting on organizational performance.

1.4 Research Questions

This study is guided by the following research questions:

i. What is the effect of ethical behaviour on organizational performance?
ii. What is the effect of composition and size of the board of directors on organizational performance?
iii. Does corporate culture affects organizational performance?
iv. What is the effect of Proper Financial Reporting on organizational performance?

1.5 Statement of the Hypotheses

This study is guided by the following hypotheses;

Ho_1 There is no significant positive relationship between ethical behaviour on organizational performance.

Ho_2 There is no significant positive relationship between composition and size of the board of directors on organizational performance.

Ho_3 There is no significant positive relationship between corporate culture and organizational performance.

Ho_4 There is no significant positive relationship between Proper Financial reporting on organizational performance.

1.6 Significance of the Study

Numerous recent studies emanating from academic research are inconsistence on the role of good corporate governance, researchers are unsure whether it leads to increase valuation, higher profit, higher sales growth and lower capital expenditure (Wolfgang, 2003). Therefore this study is out to provide measure through which sound corporate governance enhances corporate performance and how meaningful and reliable financial report on firms operations enhances its performance. This study focuses on the impact of corporate governance on organizational performance in the Nigerian banking industry. The study will be beneficial to the government, the financial sector, shareholders, customers, employees, suppliers, management and the general public at large. It will also serve as a good reference material for future researchers who want to carry out related studies on corporate governance and organizational performance because it will increase the existing volume of knowledge about the topic.

1.6 Scope of the Study

The study is restricted to banks in Asaba metropolis, Oshimili South Local government area of Delta State of Nigeria. The population of the study is restricted to the staff of the selected banks. The adopted indicators include Ethical behavior, Proper Financial Reporting, Corporate Culture and Composition and Size of the Board. It was presumed that the indicators would make for easy measurement of corporate governance and organizational performance. More so this study covers a period of one year (June 2014-June 2015).

1.7 Limitation of the Study

In carrying out the study, the researcher may be faced with some constraints which may restrict him from generalizing his findings. Some of the problems may include: Many employees of banks tend to dislike activities that appear to be probing them. They seem to have special liking for secrecy, thereby tend to avoid researchers. They considered all information as secret or confidential. As such, they may refuse to give out meaningful information that would aid the researcher.

Most bank customers seem to be illiterate and therefore may not be useful for the research since they may not be comfortable of giving out certain information With the fear that if they give out right information, it will be used against them. This may warrant the researcher to segregate them out of research samples due to the difficulty of obtaining relevant data from them.

CHAPTER TWO

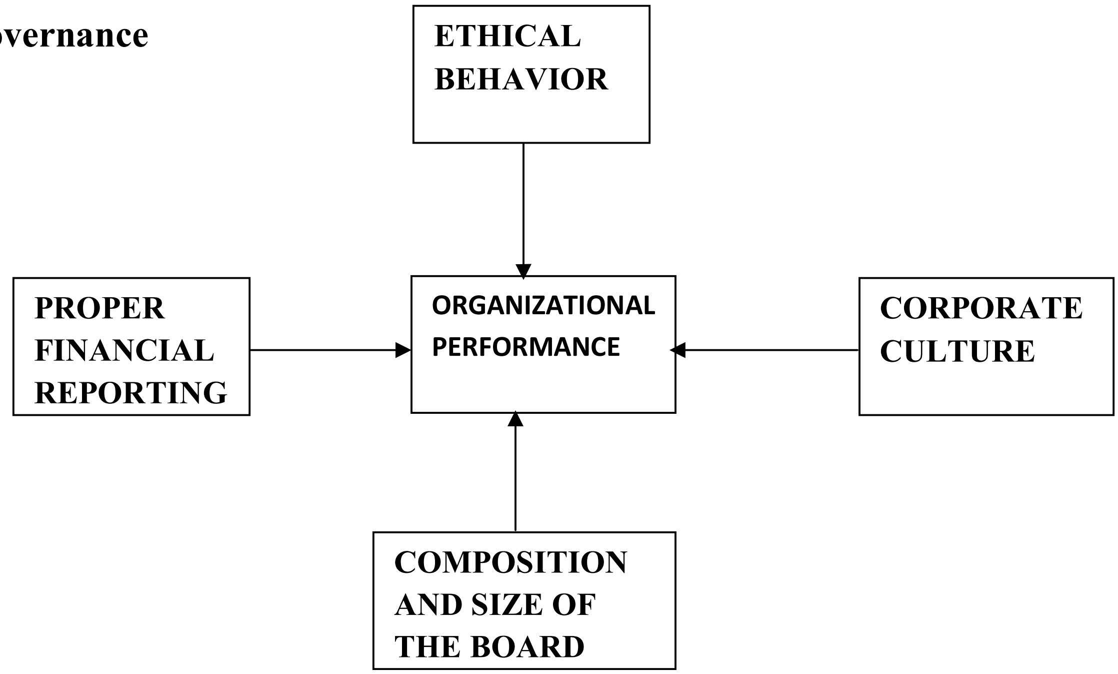
LITERATURE REVIEW

2.1 Introduction

This section is concerned with review of related literature to this study. It is a systematic analysis and appraisal or evaluation of studies, works and documents containing information about the problem under study. Therefore this review considers theoretical and empirical contributions to the literature on corporate management within organizational context. Towards a comprehensive approach the literature pertinent to this work is reviewed under the following sub-heads:

2.2 Conceptual Frame work

Figure 2: Conceptual Framework of Latent Variables of Corporate Governance



Source: Researcher's Model

2.3 Theoretical Framework

2.3.1 Concept of Corporate Governance

Coleman and Nicholas-Biekpe (2006) posit that corporate governance as the relationship of the enterprise to shareholders as the relationship of the enterprise to society as a whole. Corporate governance is a system that governed institutions and all other organizations relate to their communities and stakeholders to improve their quality of life of human. (Ato, 2002).

In this regard, corporate governance is not only concerned with corporate efficiency, it relates to a much wider range of company strategies and life cycle development (Mayer, 2007).

Since corporate government provides the framework for attaining a company's objectives, it encompasses practically every sphere of management, from action plans and internally controls to performance measurement and corporate disclosure. Corporate governance is one of the most talked about topics in business, indeed in society (Anonymous, 2006).

It was towards the end of the twentieth century that the term, governance, gained the prominent attention of donor agencies, social scientists, philanthropists and civil society.

According to Pierre (2000) refers to sustaining coordination and coherence among a wide variety of actors with different purposes and objectives, such factors may include political actors and institutions, interest groups, civic society, non-governmental and transactional organizations.

Corporate governance is seen as a set of system and processes which ensure that a company managed to the best interest of all the stakeholders, the set system that aid the task of corporate governance which include certain structural and organizational aspects, the process that helps corporate governance embrace how things are done with in such structure and systems. Corporate governance is a process not a state.

The field is continually evolving its initial focus was on the way in which individual corporations are directed and controlled. This led to the introduction of national codes of best practices.

These guidelines reflected the part which good governance can play in promoting economic growth and business integrity.

2.3.2 Historical Overview of Corporate Governance

Corporate Governance, a phrase that not long ago meant little to all but a handful of scholars and shareholders has now become a main stream concern a staple of discussion in corporate board rooms, academic meetings, and policy circles around the globe.

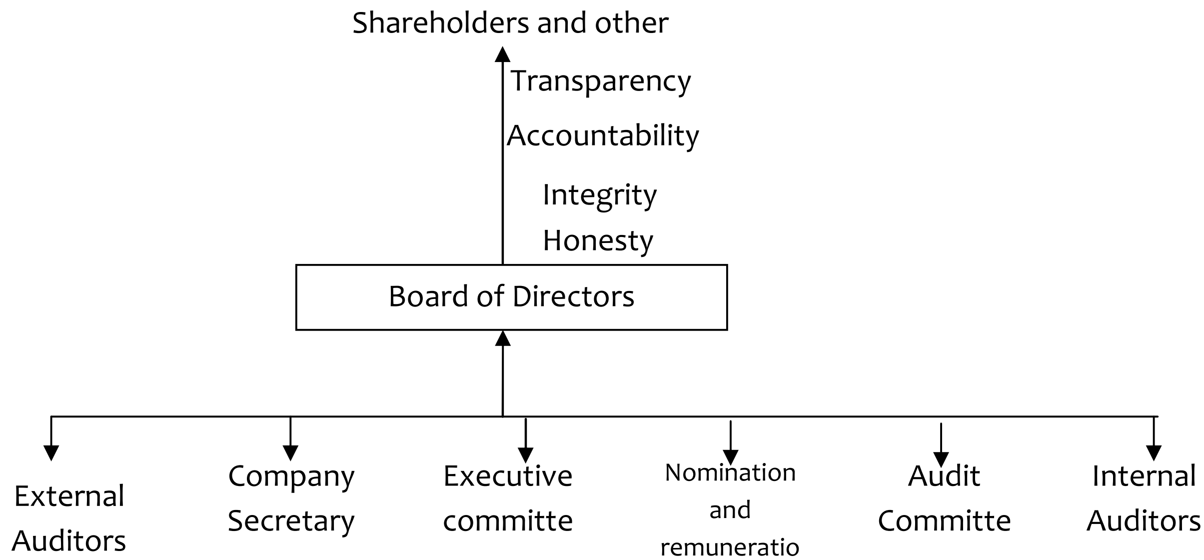
Most of these crisis or major corporate failure, which was a result of incompetence, fraud, and abuse, was met by new elements of an improved system of corporate governance (Iskander and Chamlou, 2000).

Parties to corporate governance

Wikipedia (2010) gives an insight of parties involved in corporate governance to include the regulatory body (e.g. the Chief Executive Officer, the Board of Directors, Management, Shareholders and Auditors). In corporations, the shareholders delegates decision rights to the manager to act in the principles best interests.

Directors, workers and management receive salaries, benefits and reputation for their work performances, shareholders receive capital return, customer receive goods and services. In return, these individuals provide value in the form of natural, human social and other forms of capital.

Figure 1: Corporate Governance Structure



Source: Wikipedia (2010)

Corporate governance is the overall control of activities in a corporation. It is concerned with the formation of long term objectives and plans and the formal structure (organization system and people) to achieve them. At the same time it entails making sure the structure functions to maintain the cooperation integrity and responsibility to its various constituencies. The structure includes the board of directors, top management, shareholders, creditors and others. Role of these stakeholders is crucial in guaranteeing responsible corporate performance.

2.3.3 Corporate Ethical Behaviour

According to the ethics of intentions – upon which many critics of CSR based their arguments an action is defined as good when it conforms to two rules. The proximate rule and the remote rule (The law).

Ethical behaviour is acting in ways that are consistent with ones' personal values and the commonly held values of the organization and society (Nielsen,1999). Unethical behaviour by employees can affect individuals, work teams, and even the organization (Arlow, 2000). Organizations have to depend on individuals in order to act ethically. Institutionalization of ethical behaviour can be achieved by publicly promoting ethical consciousness throughout the organization and by modeling ethical behaviour at the most to ensure ethics becomes part of the culture. In such instances, an organization's culture also can predispose its members to behave unethically. For example, Baucus and Near, (1991) in their research found a relationship between organizations with a history of violating the law and continued illegal behavior.

Furthermore, some firms are known to selectively employ and promote employees that have personal values consistent with illegal behavior; firms also may socialize their staff to engage in illegal acts as a part of their normal routine.

Ethical behaviour can also be reinforced through the development of formal ethical codes, incentives and rewards for ethical behaviour and punishments for unethical behaviour (Sims, 1991 in Black, 2006). According to Churchill et al. (2000), there are five categories of variables within the organizational environment that have an effect on individual performance.

They are:

(1) Goals, objectives, and culture;

(2) Personnel;

(3) Financial resources;

(4) Production capabilities; and

(5) Research and development.

Despite contemporary consciousness about ethical conducts in organizations as avenue to attaining success, unethical conducts are still in existence with new forms emerging. The professional code of ethics as spelt out in principles therefore defines those acts that are ethical and unethical. Contemporary organizations in their quest for long term success have now come to painstakingly design comprehensive code of ethics in line with best practices in the professional calling.

2.3.4 Ethical and unethical conducts in organizations

Ethical conduct in the view of Nielson (1999) refers to acting in ways that are consistent with one's personal values and the commonly held values of the organization and society. It refers to that which is morally accepted as "good and right" as opposed to bad and wrong in a particular situation. It is therefore the principle relating to what is right and wrong.

Crosby (1997); Robbins (2001) and Bucholz and enumerated some essential elements of ethical conduct as it relates to organizational concerns to include: integrity, accountability, code of ethics/ethical programmes, ethical decision making and ethical environment. The ethical climate of the organization which is the shared set of undertakings about what correct behaviour is and how ethical climate of organizations according to Hunt (1991) and Robbins

(2001) are personal and self interest, company profit, operating efficiency, individual friendships, team interest, social responsibility, personal morality, rules and standard procedures as well as laws and professional codes among others.

When the ethical climate is not clear and positive, ethical dilemmas will often result in unethical behaviour. In such circumstances, an organizations culture also can predispose its members to behave unethically. Conversely, an unethical conduct as noted by the service commission of Philippines (20002) is a conduct not normally honorable or one that is prohibited by law. Omolewu (2008) opined that people in organization engage in unethical conducts because of several reasons ranging from the fact that no one will ever find out, that the conduct is not really illegal that is in the best interest of the organizations and that the organization will protect them.

2.3.5 Corporate Social Responsibility

Corporate social opportunity (Prahalad, 2004) is about creating sustainable products or service for very low-income people in developing countries while respecting the norms of good citizenship. It also includes investing in small-scale sustainable ventures in those countries and thereby promotes entrepreneurship.

There are numerous studies on corporate social responsibility, corporate ethics, and social sponsorship that suggest a link between social initiatives and improved financial performance, as well as studies that demonstrate the link between social initiatives and positive affective, cognitive, and behavioral responses by consumers (Ellen, 2000). The correlation between CSR and financial performance is particularly close in the case of corporate governance.

2.3.6 The scope of corporate social responsibility

Zadek et al (1997) have identified several areas in which corporate social responsibilities are of major concern: these areas are:

Environmental protection: This area involves the environmental aspects of production, covering pollution control in the conduct of business operations, prevention or repair of damage to the environment resulting from processing of natural resources and the conservation of natural resources.

Energy saving: This area covers conversation of energy in the conduct of business operations and increasing the energy efficiency of the company's products.

Fair business practices: This area concerns the relationship of the company to special interest groups.

Human resources: This area concerns the impact of organization activities on the people who constitute the human resources of the organization.

Community involvement: This area involves community activities, health related activities, education and the arts.

Products: This area concerns the qualitative aspects of the products for example their utility, life durability, safety and serviceability as well as their effect on pollution.

There is growing concern among individuals, businesses and governments about the environment. Sometimes, we do understand the impact that our actions will have on the world around us. Such impacts may be adverse or positive. Most often, it is adverse (Victoria, 2004).

Consequently, third and first world countries have come to realize that the best hope for economic development lies in a properly developed industrial environ, with all its benefits of reduced unemployment and poverty. This is also true of Swaziland (Dlamini and Joubert, 1994).

Corporate Social Responsibility is an obligation to pursue those policies to make those decisions or to follow those lines of action that are desirable in terms of objectives and values of society (Bowen, 1953). For corporations, social responsibility includes economic, legal, ethical and discretion any exceptions that society has of them at a given point in time (Carroll, 1979).

2.3.7 Corporate Social Responsibility and Accounting Information Disclosure

Content analysis of corporate reports has been widely mobilized in the social and environmental accounting literature to identify the characteristics of corporate social and environmental disclosure (Adams et al, 1998; Bowman and Haire, 1976; Roberts et al, 1995). Typically, such content analyses of annual reports have sought to analyze corporate annual reports in terms of what they indicate or do not indicate about employees and their conditions, what they bring to light regarding the impact of the corporation's activity upon the environment and what openness they bring in respect of other dimensions of the impact of corporate activity.

Such analyses are useful in that they can suggest insights into actual and potential practices and contribute to the development of better disclosure practices. This is often the case even where some of the analyses have not obviously or explicitly been motivated by such concerns (Kuasirikun and Shere, 2004).Corporate social reporting is the process of communicating the social and environmental effects of organizations economic actions to particular interest groups within society and society at large (Gray et al, 1987).

Even international comparative studies of corporate social reporting have focused on analyses of the differences and similarities of corporate social reporting practices in these countries only (Guthrie and Parker, 1990).

2.3.8 Corporate Organizational Culture

An organization is a composite of individuals with diverse expectations, motivations, experiences and values.

These natural differences tend to direct behaviours in various, often divergent directions contrary to organizations desire for shared values and common interest. In this context, Scholl (2003) spoke of internalized values and opined that compliance to internalized values is based on eliminating naked kid's effects such as guilt feelings associated with non compliance. An organizational culture encompasses the shared, articulated, beliefs, and behaviours that contribute to the unique social and psychological environment of an organization (Haberberg and Rieple, 2008). The existence of shared values and common interest in an organization generally creates an atmosphere that reduces variability among individuals to the barest minimum, while enhancing desired behaviours.

This is a necessary condition and a critical factor for addressing the disagreement and diversity that characterize organizational life. Organizational culture is reinforced by artifacts, such as icons, stories, heroes, reminding people what an organization stands for.

The improvement in productivity leads to employee commitment as norms, values and objectives helps in improving organizational culture. It is often explained as "the way we do things around here" (Bower, 1966) and "what goes and what doesn't" (Heskett, 2011). Weick (1979), Schein (1985), Krefting and Frost (1985), Daft & Lengel (1986) defined corporate culture as the unique whole, the heart and soul through which an organization attempts to resolve fundamental problems of adapting to external world and achieving internal integration and consistency. According to these authors, Corporate culture is an acquired body of knowledge (collective beliefs) about how to behave and shared meanings and symbols which facilitate everyone's interpretation and understanding of what is appropriate behaviour and gives guidance on how to resolve problems.

Hofstede (1980) linked corporate culture to a collective mental programming of the minds of one group that differentiates them from other groups. Peters & Waterman (1982), Wilkins & Ouchi, (1983), Iorsch (1986) and Denisen (1991) likened corporate culture to a consensual scheme shared among employee in an organization resulting in and from a pattern of basic assumptions and norms that enhances individuals and organizational stability, manifesting in shared meanings, communicated by stories, myths and practices and resulting in certain behavioural patterns which are unique to that organization.

It is necessary to point out that management scholars have not been able to agree on one universally accepted definition of corporate culture. This has proven so far to be elusive due to the fact that culture can be defined both in terms of its causes and effects (School, 2003).The concept of culture is particularly important when attempting to manage organization-wide change practitioners have come to realize that despite best laid plans, organization change must include not only changing structures and processes but also changing the corporate culture as well.

2.3.9 Dimension of Organizational Culture

Alharbi and Alyahya, (2013) identified four dimensions of organization culture as follows:

Power distance: It is defined as degree of employee and management behavior that have been based upon perfect relationship between formal and informal set of planning action.

Individualism: The dimension difference between organization interest and self interest have perfectly been matched.

Uncertainty avoidance: The uncertainty and ambiguity based upon tolerance helps in mitigating willingness of people.

Masculinity: It comes in avoidance of caring and promotion rather than level of success based upon challenges, insolence and ambition.

2.3.10 Organizational Performance

Performance has been perceived differently by various researchers, but most of the scholars relate performance with measurement of transactional efficency and effectiveness towards organizational goals (Stannack, 1996; Barne, 1991).

In order to achieve goals and objectives of organization strategies have been designed based upon organizational performance (Daft, 2000). The equity based upon high returns helps in effective management of organization resources so that performance improves (Ricardo, 2001).

2.4 Empirical Review

2.4.1 Relationship between Corporate Governance and Financial Reporting

One of the most important functions that corporate governance can play is in ensuring the quality of the financial reporting process (Cohen, Krishnamoorthy & Wright, 2004). The question is how confident we are that corporate governance can ensure the quality of the financial reporting? Thus, let’s explore the journey of corporate governance and financial reporting.

Financial reporting connected the people that involved in corporate governance such as the management including the board of directors, auditors, information distributors, analyst and shareholders (Norlia et al., 2011).

According Sloan (2001) the financial information is the first source of independent and true, communication about the performance of company managers.

Transparency is a very important component of financial reporting (Mc Gee & Yuan, 2008). As corporate governance reflects the process how the organization or the nation managed, no doubt that the failure in governance itself will result in reporting failure as well. Further, academic research has found an association between weaknesses in governance and poor financial reporting quality, earnings manipulation, financial statement fraud, and weaker internal controls (Beasley, 1996; Beasley, Carcello & Hermanson, 1999; Beasley & Frigo (2007); Carcello & Neal 2000; Klein 2002) in Norlia et al., (2011).

2.4.2 Social Responsibility and Competitive Advantage

Social responsibility has become a strong and irreversible part of corporate actions. CSR can also contribute toward strengthening valuable partnerships (Pearce & Doh, 2005). According to Mahon, researchers in marketing, public relations and communication have shown corporate reputation to be a crucial element in increasing the purchase of products and services. For Logsdon and Wood (2002), reputation is a powerful concept for business, government and non-profit organizations. Executives and administrators as well as both internal and external stakeholders use reputation to evaluate and communicate their perception of 3rd generation: responsible competitiveness 2nd generation: strategic planning/ risk-management/ learning/ innovation 1st generation: Pain alleviation/ short-term/ reputation/ localized cost-benefit business and corporations.

In the CSR field, the emphasis on internal resources is expressed in a large number of studies (Castelo Branco & Rodrigues, 2006; McWilliams & Siegel, 2001; McWilliams et al., 2006; Russo & Fouts, 1997). We can start from the assumption that CSR can be considered an internal resource of the firm. Applying the definitions developed by Barney (1991), in order to create competitive advantage, CSR actions should be valuable, rare, inimitable and non-substitutable.

We can also say that CSR is a group of resources, as it encompasses different dimensions that can be considered internal resources, such as corporation values, business ethics, the relationship with stakeholders (Donaldson & Preston, 1995; Freeman, 1984), social projects, corporate reputation, etc. Business managers face two other dimensions related to strategic CSR: centrality and specificity (Burke & Logsdon, 1996; Husted, 2003).

2.4.3 Corporate Culture and Organizational Performance

Corporate culture is a management philosophy and a way of managing an organization in improving the effectiveness and efficiency of its organizational performance (Kotter and Heskett, 1992; Ooi and Arumugam, 2006). Understanding corporate culture is essential since it is able to influence the thoughts, feelings, interactions and performance in an organization (Saeed and Hassan, 2000).

This organization viewed culture as a critical factor to organizational success and came up with a view of “the way we treat our people affects the way our people treat our customers and in turn our success which includes employees’ performance” (Flamholtz and Randle, 1998). This body of literature has identified various dimensions of corporate culture related to organizational performance (such as Meyer and Allen, 1991; Ricardo and Jolly, 1997; Lau and Idris, 2001; Meyer et al. 2002).

2.4.4 Relationship between Composition and Size of the Board on Organizational Performance

The on-going global financial crisis that started in late 2007 and the recent corporate scandals that led to the demise of corporate giants like Arthur Anderson, Enron, Worldcom, etc has brought out the importance of effective corporate governance the World over.

Responsibility for setting objectives and monitoring and controlling the firms activities rests with the board of directors, which is central to decision making within the firm and was highlighted by Fama and Jansen (1983). The board size and composition influence its ability to function effectively. Lapses in the senior management team of corporations and the lackadaisical attitude of boards of directors in Nigeria notably in the areas of ensuring adequate review of the systems for compliance with laws and regulations, coupled with inadequate systems to review and approve material changes in accounting principles, continue to put corporate governance in the forefront as panacea for turn around.

There is a convergence of agreement on the argument that board size is associated with firm performance.

Link et al (2008) shows that board structure tends to reflect the firm's performance, the need for monitoring of activities given the available growth opportunities and the transparency of the firm's earnings.

Board meeting frequently may indicate the level of board activity; following poor performance, more frequency meetings are often associated with better future operating performance (Xafeas, 1999). Anglo-American system of corporate governance a common law practice in the US and the UK, is adopted in Nigeria. In Anglo-American System, the executive and independent non-executive board members are elected by the shareholders and board members place higher premium on the shareholders to encourage flow investments.

Research confirms that there is lack of law enforcement capacity to implement the corporate governance codes of conduct in Nigeria, and so is lack of thorough selection, evaluation and replacement of CEOs.

The board of directors comprises executive (inside) and non-executive (outside) directors, executive directors provide overall strategic guidance and are experts in the field. Non-executive directors commonly are professional directors with experience in an unrelated business and substantial reputations to protect. There should be an appropriate balance between executive and non-executive directors on the board.

It is the framework of rules and practices by which a board of directors ensures accountability, fairness and transparency in a company's relationship with its all stakeholders (financiers, customers, management employees, government and community). According to Cadbury Committee (UK), 1992, corporate governance is the system by which companies are directed and controlled.

It encompasses the entire mechanics of the functioning of a company and attempts to put in place a system of checks and balances between the shareholders, directors, employees, auditors and management. The company and Allied Matters Act (CAMA) enacted to regulate and balance the relationship among board, shareholders, failed woefully due to inadequate enforcement capacity.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This study seeks to establish the relationship between corporate governance and organizational performance in the Nigerian banking industry. This chapter shall provide the methods which will be adopted in carrying out the study. Therefore, the procedures that will be applied in the study shall include the following:-

- Research design
- The study population
- Sampling technique
- Research instrument
- Validation of research instrument
- Data collection methods
- Analytical procedure

3.2 Research Design

The survey research design method shall be employed for this study. This method is considered to be relevant to the study because the method does not only consider the sample size of the population, but also how to ensure that the resultant sample sufficiently represents the population.This method constitutes a class of empirical studies with human beings, organization, groups, and communities. Because of its descriptive nature, it would be useful for generating new facts and natural experimentation without intentional manipulation of the variables of the research (Olannye, 2006).

The descriptive nature of the survey design method implies natural observations of the subjects without intentionally manipulating the research variables. This method will be needed in generating information directly from the sample objects.

Finally, this survey research design method is popular and widely used in management and social sciences where individuals are mostly used as units of analysis. Without any attempt to manipulate or control them and this makes the selected survey design the most appropriate for this study.

3.3 Population and Sampling

The study population is made up of 995 employees of the sixteen banks in Asaba. From the population, this shall give us a workable sample of (285) respondents, bearing in mind the fact that, it is easier to use a sample size because of the limited resources.

The sample size was 285, obtained using the Taro Yamen's (1984) formula

$$n = \frac{N}{1 + N(e)^2}$$

Where: n = Sample size

N = Population size

e = Proportion of the sampling error (we assume 0.05)

Based on this, the sample size could be calculated:

$$n = \frac{995}{1 + 995(0.05)2}$$

n = 285

The study sample will be dully chosen with the belief that, it will help in ascertaining the impact of corporate governance on organizational performance in the Nigerian banking industry.

List of Banks in Asaba and their staff

SN	Banks	Number of Staff
1	Access bank	70
2	Diamond bank	40
3	Eco bank	150
4	FCMB	80
5	Fidelity bank	40
6	First bank	80
7	GTB	40
8	Keystone bank	40
9	Mainstream bank	30
10	Skye bank	30
11	stanbicIBTC bank	30
12	Sterling bank	30
13	UBA	150
14	Union bank	60
15	Wema bank	25
16	Zenith bank	100
	Total	**995**

Source: Human resources management department of each bank

3.4 SAMPLING TECHNIQUE

A stratified and simple random sampling technique will be adopted for this study. This is due to the fact that the population will be divided into two categories of top management level staff and lower management level staff of the banks.

3.5 Research Instrument

Structured sets of questionnaire shall be the primary instrument for data collection in this study. Olannye (2006) stated that questionnaire is an instrument for gathering data from respondents to aid in finding solution to research problems. The questionnaire will be divided into two sections A and B. Section A shall contain questions relating to the respondents' profile while section B shall contain information about corporate governance and organizational performance. This questionnaire shall be administered to the staff of these sixteen banks all in Asaba.

3.6 Validation of Research Instrument

In order to validate the instrument for data collection, sets of the structured questionnaire will be given to some experts in the Department of Business Administration and Marketing for validity. Consequently, adjustments and corrections shall be effected to ensure that they elicit the desired information.To establish the reliability of the instrument, a test-retest method will be employed. This entails the collection of two sets of scores on two occasions. The instrument will be administered to the group of staff of the ten banks in Asaba at interval of three (3) weeks. If the results from the two tests show some similarity then it suggests that the questionnaire is reliable.

3.7 Data Collection Methods

The method adopted for data gathering is mainly through primary source and secondary source. The questionnaire will be the instrument for primary data collection. Trained research assistants will be engaged in questionnaire administration exercise. Collection of data shall be primarily through the questionnaire which will be distributed to respondents and served as a source of primary data. Business journals, newspaper, dailies, and magazines which will be consulted from the library shall constitute the secondary source of data collection.

3.8 Analysis Procedure

The data collected will be analyzed using simple percentages, correlation and multiple analysis as the data analytical tools. The first part which is concerned with preliminary analysis involves descriptive statistics for analysis of response patterns and respondents profiles. The second part of the analytical model will involve the use of inferential statistics. Specifically the correlation analysis will be used to determine the relationship among dimensions of the variables, while multiple regression analysis will be employed to ascertain the predictive capacities of the indicators of independent variables, as measures in accounting for changes in terms of dependent variables. The data will be first deduced from the questionnaire distributed and then coded for the running of regression and correlation using SPSS version 20 software package.

CHAPTER FOUR

RESULTS AND DISCUSSION

4.1 Introduction

This chapter focuses on the presentation and analysis of data and information collected through sets of questionnaire administered to the staff and customers of selected banks in Asaba.

The data presented and analyzed in this study is categorized into three parts; the first is the descriptive analysis of respondents profile with percentage weighting attached. The second is the correlation analysis of the research questions and their respective variables. The third is the testing of hypotheses formulated for the study with the use of regression analysis. According to Nwadinigwe (2002) data analysis is theengine room of every research, this is because if it is done properlythe researcher is likely to reach conclusion that are valid and could lead to a good decision.

Out of the 995 sets of questionnaire administered, four hundred and eighty-five (485) were returned, two hundred (200) were wrongly filled, while two hundred and eighty-five (285) were useable. Therefore, the analysis in this chapter is based on the sample size of two hundred and eighty-five (285) copies.

4.2 Analysis of Respondents Profile

Table 4.1: Gender of Respondents

Gender	Frequency	Percentage (%)
Male	155	54.4
Female	130	45.6
TOTAL	**285**	**100**

Source: Analysis of field survey, 2015.

From Table 4.1 above, 155 (54.4%) were males and 130 (45.6%) were females. This indicates that the male were more in number than the female respondents.

Table 4.2: Age Distribution of Respondents.

Age Ranges	Frequency	Percentage (%)
15-20years	37	13
21-30years	94	33
31-40years	114	40
41 and above	40	14
Total	**285**	**100**

Source: Analysis of Field Survey, 2015.

From Table 4.2 above, the age distribution of respondents which was spread across various age brackets shows that the highest concentration of respondents fell within the age bracket of 31-40 years 114(40%) of respondents. The categories of respondents between 15-20years accounts for 37(13%). 94(33%) of the respondents fall under 21- 30years, while 40 (14%) fall under 41years and above.

Table 4.3 Marital Status of Respondents

Status	**Frequency**	**Percentage (%)**
Married	190	66.7
Single	95	33.3
Total	**285**	**100**

Source: Analysis of Field Survey, 2015.

Table 4.3 above indicates the marital status of the respondents. It was observed that 190(66.7%) of the respondents were married, while 95(33.3%) were single.

Table 4.4 Educational Qualification of Respondents

Educational Level	Frequency	Percentage (%)
WAEC/GCE/NECO	19	6.7
OND/NCE	53	18.6
HND/B.Sc	155	54.4
MBA/M.Sc	38	13.3
Others	20	7
Total	**285**	**100**

Source: Analysis of Field Survey, 2015.

It shows from the above Table 4.4 that greater part of the respondents 155(54.4%) had HND/B.Sc, OND/NCE holders account for 53(18.6%), those respondents that possess MBA/M.Sc were 38(13.3%). 19(6.7%) of the respondents indicated that they were WAEC/GCE/NECO holders and those with other qualifications accounted for 20(7%) of the respondents.

Table 4.5 Categories of Respondents

Respondents	Frequency	Percentage (%)
Bank Staff	87	30.5
Customers	198	69.5
Total	**285**	**100**

Source: Analysis of Field Survey, 2015.

Table 4.5 above represents the categories of the respondents. It reviewed that 87(30.5%) of the respondents were bank staff and customers were 198(69.5%)

4.3 Analysis of other Research Data

This section focuses on the analysis of responses to the major research questions which were broken down into twenty (20) sub questions using the 5 point Likert scale. Specifically, they were analyzed using correlation and regression and descriptive statistics.

Research Question One: What is the effect of ethical behavior on organizational performance?

Correlation among variables of Ethical Behavior (X_1), such as integrity, transparency, directors' remuneration and risk management are explained by X_{11}, X_{12},

X_{13}, and X_{14}. Therefore, X_{11}represents integrity, X_{12} represents transparency, X_{13} represents directors' remuneration, and X_{14} represents risk management.

Table 4.6 Correlations among the Variables of Ethical Behavior

Variables	**X_{11}**	**X_{12}**	**X_{13}**	**X_{14}**
X_{11}	1			
X_{12}	.254**	1		
X_{13}	.093	.354**	1	
X_{14}	.027	.507**	.194**	1

Source: Analysis of Field Survey, 2015.

In Table 4.6 above, ten correlation coefficient values were reported. The results of the correlation analysis involving all the indicators of X_1 (ethical behaviour) showed an overwhelming positive correlation among the variables. It showed that X_{11} (integrity) which is the first variable correlates positively with X_{12}(transparency) ($r=.254^{**}$, 0.01). It also indicates that X_{11} (ethical behaviour) maintained a positive correlation with X_{13} (directors' remuneration) (r=.093, 0.05). The table again shows that X_{11} (integrity) has positive correlation with X_{14} (r=.027, 0.05). x_{12} (transparency) reported a positive correlation with X_{13} (directors' remuneration) (r=.354**, 0.01) and X_{14} (risk management) (r=.507**, 0.01). There was a positive correlation between X_{13} (directors' remuneration) and X_{14} (risk management) (r=.194**, 0.01).

Table 4.7 Regression Analysis of Ethical Behaviour and Organizational Performance

Coefficients

Model	**Unstandardised coefficients**		**Standardised coefficients**	**t**	**Sig**
	B	**Std. Error**	**Beta**		
1(constant)	10.131	.956		10.596	.000
Ethical behave.	.415	.058	.393	7.199	.000

Source: Analysis of Field Survey, 2015.

Table 4.7 above, showed that the results from regression analysis reported that ethical behaviour exhibited positive relationship with organizational performance (β=.393, P<0.01). The β value shows the effect of ethical behaviour on organizational performance i.e. the extent to which ethical behaviour accounted for the change in organizational performance.

Table 4.8 Model Summary

Model	**R**	**R-Square**	**Adjusted R-Square**	**Std. Error of the estimates**
1	.393[a]	.155	.152	1.923

Source: Analysis of Field Survey, 2015.

Table 4.8 above shows the changes in organizational performance brought about by the effect of ethical behaviour. 0.152(15.2%) of the change in organizational performance is explained by ethical behaviour.

Research Question Two: What is the effect of composition and size of the board of directors on efficiency in corporate governance practices?

Correlation among variables of composition and size of board (X_2) such as size, brand, track record, and encouragement are explained by X_{21}, X_{22}, X_{23} and X_{24} respectively.

Table 4.9 Correlations among Variables of composition and size of theboard

Variables	X_{21}	X_{22}	X_{23}	X_{24}
X_{21}	1			
X_{22}	.212**	1		
X_{23}	.101	.222**	1	
X_{24}	.074	.450**	.097	1

Source: Analysis of Field Survey, 2015.

The result of the correlation analysis involving all indicators of X_2(composition and size of board) showed positive correlation among the variables. In table 4.9 above, 10 correlation coefficients were reported. It is reported that X_{21}(size) correlate positively with X_{22}(brand) (r=.212**, 0.01). It also maintained that

X_{21} (size)correlate positively with X_{23} (track record) (r=.101, 0.05). The table also showed that X_{21} (size) correlate positively with X_{24}(encouragement) (r=.074, 0.05). it also shows that X_{22} correlates positively with X_{23}(track record) (r=.222**) and X_{24}(encouragement) (r=.450**, 0.01). Again, X_{23}(track record) correlate positively with X_{24}(encouragement) (r=.097, 0.05).

Table 4.10 Regression Analyses of the Relationship between composition and size of the board of directors and organizational performance

Coefficients

Model	**Unstandardised coefficients**		**Standardised coefficients**	**t**	**Sig**
	B	**Std. Error**	**Beta**		
1(constant)	10.185	.876		11.620	.000
Comp & size of board	.414	.053	.421	7.800	.000

Source: Analysis of Field Survey 2015.

From Table 4.10 above, results from the regression analysis showed that composition and size of the board of directors exhibited a significant positive relationship with organizational performance (β=.421, 0.01). The β value indicates the impact of composition and size of the board of directors on organizational performance which implies the extent to which composition and size of the board of directors accounted for the change in organizational performance.

Table 4.11 Model Summary

MODEL	R	R-Square	Adjusted R-Square	Std. Error of the estimates
1	.421[a]	.177	.174	1.897

Source: Analysis of Field Survey, 2015.

Table 4.11 above exhibited the change in organizational performance which is brought about by the effect of composition and size of the board of directors. 0.174 (17.4%) of the change in organizational performance was brought about by composition and size of the board of directors.

Research Question Three: Does corporate culture affects organizational performance?

Correlation among the variables of corporate culture (X_3) such as, defined job, guides, success and corporate governance are explained by X_{31}, X_{32}, X_{33}, and X_{34}. Where X_{31} is defined job, X_{32} is guides, X_{33} is success and X_{34} is corporate governance.

Table 4.12 Correlations among the Variables of corporate culture

Variables	X_{31}	X_{32}	X_{33}	X_{34}
X_{31}	1			
X_{32}	.349**	1		
X_{33}	-.288**	.218**	1	
X_{34}	-.053	.010	.294**	1

Source: Analysis of Field Survey, 2015.

In Table 4.12 above, ten correlation coefficient values were reported. The correlation analysis involving all indicators of corporate culture maintained positive and negative relationship amongst them. Thus, X_{31} (defined jobs) correlates positively with X_{32}(guide) (r=.349**, 0.01). From the result as well, X_{32} (guide) correlates positively with X_{33}(success) (r=.218**, 0.01) and also with X_{34} (corporate governance) (r=.010, 0.05). X_{33}(success) correlates positively with X_{34} (corporate governance) (r=.294**, 0.01). However, the negative correlations were ignored.

Table 4.13 Regression Analyses of corporate culture on organizational performance

Coefficients

	Unstandardised coefficients		**Standardised coefficients**		
Model	B	Std. Error	Beta	**t**	**Sig**
1(constant)	12.259	1.021		12.006	.000
corporate culture	.289	.062	.266	4.641	.000

Source: Analysis of Field Survey, 2015.

From table 4.13 above, results from the regression analysis indicated that corporate culture exhibited significant positive relationship with organizational performance (β=.266, 0.01). The β value indicates the extent to which corporate culture accounted for the change in organizational performance.

Table 4.14 Model Summary

MODEL	R	R-Square	Adjusted R-Square	Std. Error of the estimates
1	.266[a]	.071	.067	2.061

Source: Analysis of Field Survey, 2015.

Table 4.14 above shows that the change in organizational performance is on account of corporate culture. It was reported that .067 (6.7%) of the variance in organizational performance is brought about by corporate culture.

Research Question four: What is the effect of proper financial reporting on organizational performance?

Correlation among the variables of proper financial reporting (X_4) such as transparency, observed ethics and ethical challenge are represented by X_{41}, X_{42} and X_{43} respectively.

Table 4.15 Correlations among the Variables of proper financial reporting

VARIABLES	$X4_1$	$X4_2$	$X4_3$	$X4_4$
$X4_1$	1			
$X4_2$	.242**	1		
$X4_3$	.081	.359**	1	

Source: Analysis of Field Survey, 2015.

In Table 4.15 above, 6 (six) correlation coefficient values were recorded. The results of the correlation analysis involving all the indicators of X_4(proper financial reporting) showed positive correlation among the variables. It showed that X_{41}(transparency) had a positive correlation with X_{42} (observed ethics) (r=.242**, 0.01) and X_{43} (ethical challenge) (r=.081, 0.05). It also maintained that X_{42} (observed ethics) correlates positively with X_{43}(ethical challenge) (.359**, 0.01).

Table 4.16 Regression Analyses of the Relationship between proper financial reporting and organizational performance

Coefficients

Model	**Unstandardised coefficients**		**Standardised coefficients**	**t**	**Sig**
	B	**Std. Error**	**Beta**		
1(constant)	10.186	.960		10.609	.000
proper financial reporting	.412	.058	.389	7.110	.000

Source: Analysis of Field Survey, 2015.

From table 4.16 above, results from the regression analysis indicated that proper financial reporting has a significant relationship with organizational performance (β =.389, p< 0.01). And this is the extent to which proper financial reporting accounted for the change in organizational performance.

Table 4.17 Model Summary

MODEL	**R**	**R-Square**	**Adjusted R-Square**	**Std.Errorof theestimate**
1	.389[a]	.152	.149	1.926

Source: Analysis of Field Survey, 2015.

Table 4.17 above shows the changes in organizational performance as brought about by proper financial reporting. The .149 (14.9%) of the change in organizational performance is explained by proper financial reporting.

4.4 Hypotheses Testing

The Regression analysis was employed as an analytical tool for testing the hypotheses. Hypotheses' testing is really a systematic way for testing claims or ideas about any given parameter in a population using data measured in a sample. The p-values reported in the regression coefficient tables are used for testing the study hypotheses.

The Decision Rule

If the probability value calculated is greater than the critical level of significance, then the null hypotheses will be accepted while the alternate hypotheses is rejected and vice versa. If the probability value of 0.00 is smaller than the critical value of 5% (i.e. $0.00 < 0.05$), we conclude that the given parameter is statistically significant. In this situation, it is accepted that there is need to reject the null hypotheses and to accept the alternate.

Gujarati and Porter (2009) observed that when we reject null hypotheses, we say that our findings are statistically significant and vice versa. Gujarati and Porter also posited that it is preferable to leave it to the researcher to decide whether to reject the null hypotheses at the given value.

Note the p- value (probability value) is also known as the observed or exact level of significance or the exact probability of committing a type 1 error. More technically, the p-value is the lowest significance level at which a null hypothesis can be rejected (Gujarati and Porter, 2009)

Thus, the p-value is at 0.05 (5%).

Hypothesis One

$H0_1$: There is no significant relationship between ethical behaviour and organizational performanc.

Table 4.19: Test of Hypothesis One

Coefficients

Model	**Unstandardised coefficients**		**Standardised coefficients**	**t**	**Sig**
	B	**Std. Error**	**Beta**		
1(constant)	10.131	.956		10.596	.000
Ethical behave.	.415	.058	.393	7.199	.000

Source: Analysis of Field Survey, 2015.

Since the p-value established is at 0.05 (5%) i.e. the level of significance which is the tolerable error in estimation is greater than the critical level of significance (0.000< 0.05), the null hypothesis is rejected while the alternate is accepted implying that there is a significant relationship between ethical behaviour and organizational performance.

Hypothesis Two

$H0_2$: There is no significant relationship between composition and size of the board of directors and organizational performance.

Table 4.20: Test of Hypothesis Two

Coefficients

Model	Unstandardised coefficients		Standardised coefficients	t	Sig
	B	Std. Error	Beta		
1(constant)	10.185	.876		11.620	.000
Comp & size of board	.414	.053	.421	7.800	.000

Source: Analysis of Field Survey, 2015.

From the Table 4.20 above, the critical level of significance of 0.000 is less than the p-value established (0.000 < 0.05), therefore the null hypothesis is rejected to accept the alternate thereby implying that there is significant relationship between composition and size of board of directors and organizational performance.

Hypothesis Three

$H0_3$: There is no significant relationship between corporate culture and organizational performance.

Table 4.21: Test of Hypothesis Three

Coefficients

	Unstandardised coefficients		**Standardised coefficients**		
Model	B	Std. Error	Beta	**t**	**Sig**
1(constant)	12.259	1.021		12.006	.000
corporate culture	.289	.062	.266	4.641	.000

Source: Analysis of Field Survey, 2015.

Table 4.21 above shows that the calculated critical level of significance is less than the p-value of 0.05 (5%) i.e. (.000 < 0.05) and this means that the level confidence between the two factors is 100%. Similarly, the null hypothesis is rejected to say that there is significant relationship between corporate culture and organizational performance**.**

Hypothesis Four

$H0_4$: proper financial reporting does not influence organizational performance.

Table 4.22 Test of Hypothesis Four

Coefficients

Model	**Unstandardised coefficients**		**Standardised coefficients**	**t**	**Sig**
	B	**Std. Error**	**Beta**		
1(constant)	10.186	.960		10.609	.000
proper financial reporting	.412	.058	.389	7.110	.000

Source: Analysis of Field Survey, 2015

The level of significance that was calculated in Table 4.22 above is lesser than the established p-value (.000 < 0.05), therefore the null hypothesis is again rejected to accept the alternate hypothesis which states that proper financial reporting influence organizational performance.

4.5 Discussion of Findings

In accordance with the analysis of data conducted in chapter four and the review of related literature in chapter two, the discussion of findings of this research study is presented below.

Ethical Behaviour and Organizational Performance

From the results of data analyzed in table 4.6, it was reported that the overall positive correlation coefficients values among variables of ethical behaviour is indicative that they are appropriate indicators and dimensions of ethical behaviour. Table 4.7 showed the extent to which ethical behaviour accounted for change in organizational performance (β=.393, $P<0.01$). This shows that there is significant positive relationship between ethical behaviour and organizational performance. Also, table 4.8 showed that 0.152(15.2%) of the change in organizational performance is explained by ethical behaviour.

More so, the result of hypothesis tested in table 4.19 revealed that there is significant relationship between ethical behaviour and organizational performance. This result agreed with the findings of Arlow, (2000) that unethical behaviour by employees can affect individuals, work teams, and even the organization. Again, the result of the hypothesis tested is in line with findings that ethical behaviour has positive impact on organizational performance. This implies that ethical behaviour helps banks to be transparent in dealing with customers which translate into bank performance.

Composition and Size of Board of Directors and Organizational Performance

From the results of data analyzed in table 4.9, it was reported that the overall positive correlation coefficient among the variables show that they were appropriate indicators and dimensions of Composition and Size of Board of Directors. Table 4.10 showed that the (β=.421, 0.01) indicates that composition and size of board of directors has significant relationship and accounted for variance in organizational performance. In table 4.11, it was reported that .174 (17.4%) of the change in organizational performance is explained by composition and size of board of directors.

Furthermore, the result of hypothesis tested in table 4.20 reported that there is significant positive relationship between composition and size of board of directors and organizational performance. This is in line with Link et al (2008) that board structure tends to reflect the firm's performance, the need for monitoring of activities given the available growth opportunities and the transparency of the firm's earnings. It is also in support of Xafeas (1999) findings that board meeting frequently may indicate the level of board activity; following poor performance, more frequency meetings are often associated with better future operating performance. This implies that firms that hold meetings always have competitive edge over those that do not as the employees are appraised regularly.

Corporate Culture and Organizational Performance

From the analysis of data in table 4.12, overwhelming positive correlations were observed among the variables. This suggests that the overwhelming positive correlation among the variables shows that they are appropriate indicators and dimensions of corporate culture. Table 4.13 showed that the β value (β=.266, 0.01) has an impact on corporate culture and organizational performance. This shows the extent to which corporate culture accounted for change in organizational performance. In table 4.14, it was reported that .067 (6.7%) of the variance in organizational performance is brought about by corporate culture.

More so, the result of hypothesis testing in table 4.21 showed that there is significant positive relationship between corporate culture and organizational performance. This is in consonance with Haberberg and Rieple (2008) findings that an organizational culture encompasses the shared, articulated, or not articulated values, beliefs, and behaviours that contribute to the unique social and psychological environment of an organization; it is “the ‘glue’ that guides behaviour and shapes organizational decision-making”. This implies that corporate culture helps contribute to the glue that guides behaviour and shapes organizational decision-making positively.

Proper Financial Reporting and Organizational Performance

From Table 4.15, it was reported that all the variables of proper financial reporting exhibited overwhelming positive correlation coefficient values implying that these items are all appropriate indicators of proper financial reporting. Table 4.16 reported that β value (β = .389, 0.01) to have had a positive relationship between proper financial reporting and organizational performance and also proper financial reporting as being capable of accounting for the change in organizational performance. Thus Table 4.17 showed that .149 (14.9%) of the change in organizational performance was as a result of proper financial reporting. Accordingly, the result of hypothesis four tested in Table 4.22 reported that proper financial reporting influence organizational performance. This is further supported by the findings of (Mohd et al., 2008 and Nik et al., 2010) that the integrity of financial reporting affects organizational performance, andit is highly dependent on the performance and conduct of those involved in the financial reporting ecosystems, particularly directors, management and auditors.

The implication is that improper financial reporting will results poor organizational performance. In other words, the integrity of financial reporting relies on corporate governance and good financial reporting to a large extent which affects the performances of organizations.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Summary

This research study examines the impact of corporate governance on organizational performance in the Nigerian banking industry. This chapter focuses on discussing the findings from the analysis of data in chapter four, drawing conclusion on the basis of the findings and making appropriate recommendations.

The study finds that: There is significant positive relationship between ethical behavior, composition and size of board of directors, corporate culture and organizational performance, and that proper financial reporting influence organizational performance.

5.2 Conclusion

The following are the conclusions arrived at based on the findings of this study:

That ethical behaviour has effect on organizational performance. Therefore the integrity and ethics among management affects the performance of organisations, Transparency about Directors remuneration affect the Corporate Governance of organization and adequate and efficient risk management enhance organizational performance.

It is also concluded that composition and size of board of directors to a large extent enhance organizational performance as the brand of directors of organizations is made up of personnels that are goal oriented, directors of organisations are made up of men with good track record, and as the size and composition of the board of directors of organizations encourage corporate performance.

The study further concludes that there is positive relationship between corporate culture and organizational performance. This is because the culture of organizations allow for clearly defined jobs and business procedures, the culture of organizations contribute to the glue that guides behaviour and shapes organizational decision-making positively, organizations create a strong organizational culture that leads to the success of the organization and the culture of organizations promote cooperate governance in organizations.

The study also concludes that proper financial reporting affect organizational performance as transparency in financial reporting in the banking industry is improved, there are still observed ethical issues of governance and financial reporting in the banking industry, financial reporting challenges is significantly affected by ethical challenges of corporate governance in banks and adequate financial reporting influence organizational performance

5.3 Recommendations

On the bases of the findings of the study and the conclusion, the study recommends as follows:

Banks should as a matter of policy ensure that proper financial reporting is obtainable in their organizations in order to boost organizational performance. Banks should frown at unethical behavior put forward by their employee’s and appropriate disciplinary actions/measures should be melted on employees that are found wanting so as to achieve an impressive performances.

5.4 Contributions to Knowledge

The study contributed to the body of knowledge based on the findings and conclusions of this study, the following contributions to knowledge emerged. The study reviewed that proper financial reporting influence organizational performance.The study contributed that banks earn improved performance through ethical behaviour. It also contributed that effective corporate governance enhances organizational performance within the banking industry. Lastly, this study has contributed that in other to have a competitive edge over competitors in the Nigerian banking industry, banks have to make sure that their customers are satisfied with the services provided through the staff of the banks, the value customers attached to any offering is maintained and there should be quality services rendered to the customers. Also, customers will not be satisfied if the employees are not well taken care of.

5.5 Suggestions for Further Studies

The results of this study appear to be in accordance with some theoretical expectation. However as in any study, further research is still needed in order to address some limitations replicate and extend the findings of this study.

First, the use of cross-sectional data in a single industry may limit some of the conclusions. This is due to the fact that sample objects are ascertained by taking a snap shot of a situation and analyzing it. Further study may avoid such limitation by using longitudinal data generated from the sample objects at different points in time for analysis.

This study examined the impact of corporate governance on organizational performance in the Nigerian banking industry. Industry specific studies may be tempted to highlight corporate governance constructs on the background of the inherent features of the selected industry. It will be useful to extend further research to other different industries in Nigeria towards developing further consolidated view on this area of study.

This research work was conducted in one local government area (Oshimili South) only. The findings from this area alone may not reflect the situations of other local government and states in Nigeria. Based on the forgoing therefore, generalization should be done with care. Therefore further studies should be extended to cover other geographical locations. This will help in extending the observations and findings to the entire country at large.

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Appendix I

What is the effect of ethical behaviour on organizational performance?

S/NO		SD	D	U	A	SA
1	The integrity and ethics among to management affects the performance of our organisation	1	2	2	4	5
2	Transparency in financial reporting affect the CG of our organization	1	2	3	4	5
3	Transparency about Directors remuneration affect the CG of our organization	1	2	3	4	5
4	Adequate and efficient risk management	1	2	3	4	5

What is the effect of composition and size of the board of directors on efficiency in corporate governance practices?

S/NO		SD	D	U	A	SA
5	The size of directors of my organization	1	2	2	4	5
6	The brand of directors of my organization is made up of personnel's that are goal oriented	1	2	3	4	5
7	The directors of my organisation are made up of men with good track record	1	2	3	4	5

8	The size and composition of the board of directors of my organization encourage performance corporate	1	2	3	4	5

Does corporate culture affects organizational performance?

S/NO		SD	D	U	A	SA
9	The culture of my organization allows for clearly defined jobs and business procedures.	1	2	2	4	5
10	The culture of my organization contribute to the glue that guides behaviour and shapes organizational decision-making positively	1	2	3	4	5
11	My organization creates a strong organizational culture that leads to the success of the Organization	1	2	3	4	5
12	The culture of my organization promotes Cooperate Governance in my organization	1	2	3	4	5

What is the effect of Proper Financial reporting on organizational performance?

S/NO		SD	D	U	A	SA
13	Transparency in financial reporting in the banking industry is improved	1	2	2	4	5
14	Generally there are still observed ethical issues of governance and financial reporting in the banking industry	1	2	3	4	5
15	Financial reporting challenges is significantly affected by ethical challenges of corporate governance in banks	1	2	3	4	5
16	Adequate financial reporting influence organizational performance	1	2	3	4	5

Do you agree that good Corporate Governance influenced by the following organizational performance?

S/NO		**SD**	**D**	**U**	**A**	**SA**
17.	Improve financial performance	1	2	2	4	5
18.	Improve access to new capital	1	2	3	4	5
19.	Increase market value of share	1	2	3	4	5
20.	Reduce share price volatility	1	2	3	4	5

Appendix ii

```
GET DATA /TYPE=XLSX
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  /READNAMES=on
  /ASSUMEDSTRWIDTH=32767.
EXECUTE.
DATASET NAME DataSet1 WINDOW=FRONT.
CORRELATIONS
  /VARIABLES=Integrity Transparency Directorrem Riskmgt
  /PRINT=TWOTAIL NOSIG
  /STATISTICS DESCRIPTIVES
  /MISSING=PAIRWISE.
```

Correlations

Notes

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	Cases Used	Statistics for each pair of variables are based on all the cases with valid data for that pair.
Syntax		CORRELATIONS /VARIABLES=Integrity Transparency Directorrem Riskmgt /PRINT=TWOTAIL NOSIG /STATISTICS DESCRIPTIVES /MISSING=PAIRWISE.
Resources	Processor Time	00:00:00.02
	Elapsed Time	00:00:00.01

[DataSet1]

Descriptive Statistics

	Mean	Std. Deviation	N
Integrity	4.47	.758	285
Transparency	4.06	.677	285
Director rem	4.02	.833	285
Risk mgt	3.94	.771	285

Correlations

		Integrity	Transparency	Director rem	Risk mgt
Integrity	Pearson Correlation	1	.254**	.093	.027
	Sig. (2-tailed)		.000	.118	.647
	N	285	285	285	285
Transparency	Pearson Correlation	.254**	1	.354**	.507**
	Sig. (2-tailed)	.000		.000	.000
	N	285	285	285	285
Director rem	Pearson Correlation	.093	.354**	1	.194**
	Sig. (2-tailed)	.118	.000		.001
	N	285	285	285	285
Risk mgt	Pearson Correlation	.027	.507**	.194**	1
	Sig. (2-tailed)	.647	.000	.001	
	N	285	285	285	285

**. Correlation is significant at the 0.01 level (2-tailed).

```
CORRELATIONS
  /VARIABLES=Size Brand Trackrecord Encouragement
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  /STATISTICS DESCRIPTIVES
  /MISSING=PAIRWISE.
```

Correlations

Notes

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Missing Value Handling	Definition of Missing	User-defined missing values are treated as missing.
	Cases Used	Statistics for each pair of variables are based on all the cases with valid data for that pair.
Syntax		CORRELATIONS /VARIABLES=Size Brand Trackrecord Encouragement /PRINT=TWOTAIL NOSIG /STATISTICS DESCRIPTIVES /MISSING=PAIRWISE.
Resources	Processor Time	00:00:00.00
	Elapsed Time	00:00:00.11

[DataSet1]

Descriptive Statistics

	Mean	Std. Deviation	N
Size	4.39	.872	285
Brand	3.97	.782	285
Track record	4.05	.858	285
Encouragement	3.95	.877	285

Correlations

		Size	Brand	Track record	Encouragement
Size	Pearson Correlation	1	.212**	.101	.074
	Sig. (2-tailed)		.000	.088	.212
	N	285	285	285	285
Brand	Pearson Correlation	.212**	1	.222**	.450**
	Sig. (2-tailed)	.000		.000	.000
	N	285	285	285	285
Track record	Pearson Correlation	.101	.222**	1	.097
	Sig. (2-tailed)	.088	.000		.104
	N	285	285	285	285
Encouragement	Pearson Correlation	.074	.450**	.097	1
	Sig. (2-tailed)	.212	.000	.104	
	N	285	285	285	285

**. Correlation is significant at the 0.01 level (2-tailed).

```
CORRELATIONS
  /VARIABLES=Definedjob Guides Success promotion
  /PRINT=TWOTAIL NOSIG
  /STATISTICS DESCRIPTIVES
  /MISSING=PAIRWISE.
```

Correlations

Notes

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Missing Value Handling	Definition of Missing	User-defined missing values are treated as missing.
	Cases Used	Statistics for each pair of variables are based on all the cases with valid data for that pair.
Syntax		CORRELATIONS /VARIABLES=Definedjob Guides Success promotion /PRINT=TWOTAIL NOSIG /STATISTICS DESCRIPTIVES /MISSING=PAIRWISE.
Resources	Processor Time	00:00:00.00
	Elapsed Time	00:00:00.00

[DataSet1]

Descriptive Statistics

	Mean	Std. Deviation	N
Defined job	4.37	.881	285
Guides	4.06	.771	285
Success	3.96	.768	285
promotion	3.83	.972	285

Correlations

		Defined job	Guides	Success	Promotion
Defined job	Pearson Correlation	1	.349**	-.288**	-.053
	Sig. (2-tailed)		.000	.000	.371
	N	285	285	285	285
Guides	Pearson Correlation	.349**	1	.218**	.010
	Sig. (2-tailed)	.000		.000	.869
	N	285	285	285	285
Success	Pearson Correlation	-.288**	.218**	1	.294**
	Sig. (2-tailed)	.000	.000		.000
	N	285	285	285	285
promotion	Pearson Correlation	-.053	.010	.294**	1
	Sig. (2-tailed)	.371	.869	.000	
	N	285	285	285	285

**. Correlation is significant at the 0.01 level (2-tailed).

```
CORRELATIONS
  /VARIABLES=Transparency_A Observedethics Ethicalchallenge
  /PRINT=TWOTAIL NOSIG
  /STATISTICS DESCRIPTIVES
  /MISSING=PAIRWISE.
```

Correlations

Notes

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Missing Value Handling	Definition of Missing	User-defined missing values are treated as missing.
	Cases Used	Statistics for each pair of variables are based on all the cases with valid data for that pair.
Syntax		CORRELATIONS /VARIABLES=Transparency_A Observedethics Ethicalchallenge /PRINT=TWOTAIL NOSIG /STATISTICS DESCRIPTIVES /MISSING=PAIRWISE.
Resources	Processor Time	00:00:00.00
	Elapsed Time	00:00:00.09

[DataSet1]

Descriptive Statistics

	Mean	Std. Deviation	N
Transparency	4.47	.762	285
Observed ethics	4.06	.679	285
Ethical challenge	4.02	.833	285

Correlations

		Transparency	Observed ethics	Ethical challenge
Transparency	Pearson Correlation	1	.242**	.081
	Sig. (2-tailed)		.000	.171
	N	285	285	285
Observed ethics	Pearson Correlation	.242**	1	.359**
	Sig. (2-tailed)	.000		.000
	N	285	285	285
Ethical challenge	Pearson Correlation	.081	.359**	1
	Sig. (2-tailed)	.171	.000	
	N	285	285	285

**. Correlation is significant at the 0.01 level (2-tailed).

```
CORRELATIONS
  /VARIABLES=fin.Perf newcapital mktvalue pricevolat
  /PRINT=TWOTAIL NOSIG
  /STATISTICS DESCRIPTIVES
  /MISSING=PAIRWISE.
```

Correlations

Notes

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Missing Value Handling	Definition of Missing	User-defined missing values are treated as missing.
	Cases Used	Statistics for each pair of variables are based on all the cases with valid data for that pair.
Syntax		CORRELATIONS /VARIABLES=fin.Perf newcapital mktvalue pricevolat /PRINT=TWOTAIL NOSIG /STATISTICS DESCRIPTIVES /MISSING=PAIRWISE.
Resources	Processor Time	00:00:00.00
	Elapsed Time	00:00:00.00

[DataSet1]

Descriptive Statistics

	Mean	Std. Deviation	N
fin. Perf.	4.56	.712	285
new capital	4.21	.676	285
mkt value	4.14	.843	285
price volat.	4.07	.869	285

Correlations

		fin. Perf.	new capital	mkt value	price volat.
fin. Perf.	Pearson Correlation	1	.128*	.082	.129*
	Sig. (2-tailed)		.030	.168	.029
	N	285	285	285	285
new capital	Pearson Correlation	.128*	1	.301**	.639**
	Sig. (2-tailed)	.030		.000	.000
	N	285	285	285	285
mkt value	Pearson Correlation	.082	.301**	1	.294**
	Sig. (2-tailed)	.168	.000		.000
	N	285	285	285	285
price volat.	Pearson Correlation	.129*	.639**	.294**	1
	Sig. (2-tailed)	.029	.000	.000	
	N	285	285	285	285

*. Correlation is significant at the 0.05 level (2-tailed).
**. Correlation is significant at the 0.01 level (2-tailed).

```
REGRESSION
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  /STATISTICS COEFF OUTS R ANOVA
  /CRITERIA=PIN(.05) POUT(.10)
  /NOORIGIN
  /DEPENDENT organizationalperformance
  /METHOD=ENTER Ethicalbehv.
```

Regression

Notes

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	N of Rows in Working Data File	285
Missing Value Handling	Definition of Missing	User-defined missing values are treated as missing.
	Cases Used	Statistics are based on cases with no missing values for any variable used.
Syntax		REGRESSION /MISSING LISTWISE /STATISTICS COEFF OUTS R ANOVA /CRITERIA=PIN(.05) POUT(.10) /NOORIGIN /DEPENDENT organizationalperformance /METHOD=ENTER Ethicalbehv.
Resources	Processor Time	00:00:00.02
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[DataSet1]

Variables Entered/Removed[a]

Model	Variables Entered	Variables Removed	Method
1	Ethical behv.[b]	.	Enter

a. Dependent Variable: organizational performance

b. All requested variables entered.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.393[a]	.155	.152	1.923

a. Predictors: (Constant), Ethical behv.

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	191.546	1	191.546	51.819	.000[b]
	Residual	1046.103	283	3.696		
	Total	1237.649	284			

a. Dependent Variable: organizational performance

b. Predictors: (Constant), Ethical behv.

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	10.131	.956		10.596	.000
	Ethical behv.	.415	.058	.393	7.199	.000

a. Dependent Variable: organizational performance

```
REGRESSION
  /MISSING LISTWISE
  /STATISTICS COEFF OUTS R ANOVA
  /CRITERIA=PIN(.05) POUT(.10)
  /NOORIGIN
  /DEPENDENT organizationalperformance
  /METHOD=ENTER Compampsizeofbrand.
```

Regression

Notes

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	Split File	<none>
	N of Rows in Working Data File	285
Missing Value Handling	Definition of Missing	User-defined missing values are treated as missing.
	Cases Used	Statistics are based on cases with no missing values for any variable used.
Syntax		REGRESSION /MISSING LISTWISE /STATISTICS COEFF OUTS R ANOVA /CRITERIA=PIN(.05) POUT(.10) /NOORIGIN /DEPENDENT organizationalperformance /METHOD=ENTER Compampsizeofbrand.
Resources	Processor Time	00:00:00.00
	Elapsed Time	00:00:00.00
	Memory Required	1820 bytes
	Additional Memory Required for Residual Plots	0 bytes

[DataSet1]

Variables Entered/Removed[a]

Model	Variables Entered	Variables Removed	Method
1	Comp&size of brand[b]	.	Enter

a. Dependent Variable: organizational performance

b. All requested variables entered.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.421[a]	.177	.174	1.897

a. Predictors: (Constant), Comp&size of brand

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	218.995	1	218.995	60.841	.000[b]
	Residual	1018.654	283	3.599		
	Total	1237.649	284			

a. Dependent Variable: organizational performance

b. Predictors: (Constant), Compamp;size of brand

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	10.185	.876		11.620	.000
	Comp&size of brand	.414	.053	.421	7.800	.000

a. Dependent Variable: organizational performance

```
REGRESSION
  /MISSING LISTWISE
  /STATISTICS COEFF OUTS R ANOVA
  /CRITERIA=PIN(.05) POUT(.10)
  /NOORIGIN
  /DEPENDENT organizationalperformance
  /METHOD=ENTER Corporateculture.
```

Regression

Notes

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	Split File	<none>
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Missing Value Handling	Definition of Missing	User-defined missing values are treated as missing.
	Cases Used	Statistics are based on cases with no missing values for any variable used.

Syntax		REGRESSION /MISSING LISTWISE /STATISTICS COEFF OUTS R ANOVA /CRITERIA=PIN(.05) POUT(.10) /NOORIGIN /DEPENDENT organizationalperformance /METHOD=ENTER Corporateculture.
Resources	Processor Time	00:00:00.02
	Elapsed Time	00:00:00.02
	Memory Required	1820 bytes
	Additional Memory Required for Residual Plots	0 bytes

[DataSet1]

Variables Entered/Removed[a]

Model	Variables Entered	Variables Removed	Method
1	Corporate culture[b]	.	Enter

a. Dependent Variable: organizational performance

b. All requested variables entered.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.266[a]	.071	.067	2.016

a. Predictors: (Constant), Corporate culture

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	87.531	1	87.531	21.538	.000[b]
	Residual	1150.119	283	4.064		
	Total	1237.649	284			

a. Dependent Variable: organizational performance

b. Predictors: (Constant), Corporate culture

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	12.259	1.021		12.006	.000
	Corporate culture	.289	.062	.266	4.641	.000

a. Dependent Variable: organizational performance

```
REGRESSION
  /MISSING LISTWISE
  /STATISTICS COEFF OUTS R ANOVA
  /CRITERIA=PIN(.05) POUT(.10)
  /NOORIGIN
  /DEPENDENT organizationalperformance
  /METHOD=ENTER Properfinancialreporting.
```

Regression

Notes

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Missing Value Handling	Definition of Missing	User-defined missing values are treated as missing.
	Cases Used	Statistics are based on cases with no missing values for any variable used.
Syntax		REGRESSION /MISSING LISTWISE /STATISTICS COEFF OUTS R ANOVA /CRITERIA=PIN(.05) POUT(.10) /NOORIGIN /DEPENDENT organizationalperformance /METHOD=ENTER Properfinancialreporting.
Resources	Processor Time	00:00:00.02
	Elapsed Time	00:00:00.02
	Memory Required	1820 bytes
	Additional Memory Required for Residual Plots	0 bytes

[DataSet1]

Variables Entered/Removed[a]

Model	Variables Entered	Variables Removed	Method
1	Proper financial reporting[b]	.	Enter

a. Dependent Variable: organizational performance

b. All requested variables entered.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.389[a]	.152	.149	1.926

a. Predictors: (Constant), Proper financial reporting

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	187.574	1	187.574	50.552	.000[b]
	Residual	1050.075	283	3.711		
	Total	1237.649	284			

a. Dependent Variable: organizational performance

b. Predictors: (Constant), Proper financial reporting

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	10.186	.960		10.609	.000
	Proper financial reporting	.412	.058	.389	7.110	.000

a. Dependent Variable: organizational performance