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Corporate Governance Quality and Financial Performance of International Commercial Banks in Nigeria

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ABSTRACT

This study examined the effect of corporate governance quality on the financial performance of international commercial banks in Nigeria. The study was motivated by the persistence of governance failures within the Nigerian banking sector and by the tendency of earlier studies to recycle a narrow set of governance proxies, principally board size, board independence and CEO duality, while neglecting the behavioural dimensions of board work. Three under-examined constructs were therefore specified: board control, understood as the formal evaluation by the board of its own performance, that of the chief executive and that of individual directors; board activities, captured by the frequency of board meetings; and the existence of important board committees, namely the audit, risk and remuneration committees. International commercial banks listed on the Nigerian Exchange Group were studied over the period 2014 to 2023 using a judgmental sampling technique and an ex-post facto research design, yielding 100 bank-year observations drawn from audited annual reports and Central Bank of Nigeria publications. Financial performance was disaggregated into capital adequacy, return on equity and shareholders' earnings, each matched to the governance construct most theoretically proximate to it. Data were analysed using Pearson correlation and ordinary least squares regression at the five per cent level of significance. The results showed that board control has a positive and significant effect on capital adequacy ($\beta = 0.403$, $t = 2.819$, $p = 0.006$), that board activities have a positive and significant effect on return on equity ($\beta = 0.452$, $t = 3.330$, $p = 0.001$), and that the existence of important board committees has a positive and significant effect on shareholders' earnings ($\beta = 0.206$, $t = 2.045$, $p = 0.045$). The explanatory power of the three models was nevertheless modest, ranging from 5.6 to 13.7 per cent, indicating that governance structures operate alongside, rather than in place of, macroeconomic and firm-specific determinants of bank performance. The study concludes that the behavioral and structural dimensions of board control, board activities, and board committees exert a measurable influence on distinct facets of bank performance, and recommends that bank board's institutionalize formal self-evaluation, that regulators attend to the substance rather than the mere existence of board committees, and that investors treat evidence of active board engagement as a signal of governance quality.

Keywords: Corporate Governance Quality; Board Control; Board Activities; Board Committees; Capital Adequacy; Financial Performance; Nigeria

INTRODUCTION

The banking sector occupies a foundational position in the Nigerian economy. Through financial intermediation, the mobilisation of savings and the allocation of credit, banks underwrite investment, facilitate trade and transmit monetary policy to the productive sectors. International commercial banks are of particular consequence within this system, since their operations extend beyond domestic activity to cross-border trade finance and foreign investment flows. The effectiveness with which these institutions discharge that role is conditioned substantially by the quality of their corporate governance, understood as the mechanisms, processes and relationships through which a bank is directed and controlled (Veller, 2023; Tarchouna et al., 2022).

Corporate governance in Nigeria has developed against a difficult institutional background. Weak enforcement, opacity in disclosure and episodic banking failures prompted successive regulatory interventions, beginning with the Securities and Exchange Commission Code of Corporate Governance for Public Companies in 2003 and continuing through the Central Bank of Nigeria codes that followed the 2008 financial crisis. These instruments place emphasis on board independence, risk oversight and stakeholder engagement (Central Bank of Nigeria, 2020). Their cumulative effect has been to formalise governance architecture across the sector, yet the extent to which that architecture translates into measurable financial outcomes remains contested.

Financial performance in banking is conventionally assessed through accounting-based indicators. Capital adequacy captures the sufficiency of a bank's equity buffer relative to its asset base and is the primary regulatory measure of solvency; return on equity captures the efficiency with which shareholders' funds are converted into earnings; and shareholders' earnings capture the residual accruing to owners on a per-share basis. Each indicator is sensitive to a different aspect of managerial and board conduct, which suggests that governance constructs should be matched to the performance dimension they most plausibly affect rather than tested indiscriminately against a single composite proxy.

The empirical literature on governance and bank performance is extensive but inconclusive. Studies report positive, negative and insignificant associations, and the divergence is only partly attributable to differences in sample and setting (El-Chaarani et al., 2022; Supriyatna et al., 2022). A more fundamental difficulty is that the same small set of governance proxies is used repeatedly. Board size, board composition, board independence, ownership concentration, director shareholding and chief executive duality dominate the field, and their explanatory yield has diminished with repetition (Al-Ahdal et al., 2020; Fajriyanti et al., 2021). What these proxies share is that each describes the composition of the board rather than what the board actually does. Yılmaz (2010) argued that the behavioural dimensions of board work, in particular whether a board formally evaluates its own performance and how frequently it convenes, are more diagnostic of governance effectiveness than structural attributes alone.

Two gaps therefore present themselves. First, board control and board activities have not been examined as determinants of bank performance within the Nigerian setting, notwithstanding their theoretical prominence. Second, studies that examine board committees have tended to test committee attributes against undifferentiated measures of profitability, leaving unexplored the question of whether committee existence bears specifically on shareholders' earnings. This study addresses both by specifying three governance constructs and matching each to a distinct performance outcome.

The study is guided by the following research questions:

1. How does board control influence the capital adequacy of international commercial banks in Nigeria?
2. What effect do board activities have on the return on equity of international commercial banks in Nigeria?
3. How does the existence of important board committees affect the shareholders' earnings of international commercial banks in Nigeria?

The main objective of the study is to examine the effect of corporate governance quality on the financial performance of international commercial banks in Nigeria. The specific objectives are to:

1. examine the effect of board control on the capital adequacy of international commercial banks in Nigeria;
2. determine the effect of board activities on the return on equity of international commercial banks in Nigeria; and
3. assess the effect of the existence of important board committees on the shareholders' earnings of international commercial banks in Nigeria.

In line with the foregoing objectives, the following null hypotheses are tested:

H01: Board control has no significant effect on the capital adequacy of international commercial banks in Nigeria.

H02: Board activities have no significant effect on the return on equity of international commercial banks in Nigeria.

H03: The existence of important board committees has no significant effect on the shareholders' earnings of international commercial banks in Nigeria.

LITERATURE REVIEW

Corporate Governance Quality

Corporate governance refers to the system by which companies are directed and controlled, encompassing the relationships among the board, management, shareholders and other stakeholders, and the framework through which objectives are set and performance monitored. Governance quality is not reducible to the presence of formal structures; it concerns whether those structures function as instruments of accountability. Within banking, the case for governance is sharpened by the leverage inherent in the business model, by the dispersion of depositor claims and by the systemic externalities of bank failure. Regulators consequently treat governance as a prudential matter rather than a private contractual one (Basel Committee on Banking Supervision, 2011).

Board Control

Board control denotes the exercise by the board of a formal evaluative function over its own performance, the performance of the chief executive and the performance of individual directors. It is a behavioural rather than a compositional construct: a board of appropriate size and independence may nonetheless fail to evaluate itself, and the absence of such evaluation removes the internal feedback mechanism through which oversight failures are detected and corrected (Brown & Brown, 2011; Yılmaz, 2010). Where board control is exercised, directors are held to defined performance expectations, strategic drift is identified earlier, and management is subject to sustained rather than episodic scrutiny. The construct bears most directly on capital adequacy, since decisions bearing on capital retention, dividend policy, risk-weighted asset growth and recapitalisation are board decisions taken under conditions of accountability or its absence (Beltratti & Stulz, 2012; Pathan, 2009).

Board Activities

Board activities are captured by the frequency with which the board convenes in a financial year. Meeting frequency is a proxy for board diligence and for the intensity of the monitoring effort supplied to the firm (Balagobei, 2019). Boards that meet more often have greater opportunity to interrogate management proposals, review credit and risk exposures, respond to emerging conditions and discharge their strategic function with continuity rather than in discrete annual episodes. The construct is theoretically closest to return on equity, since the deployment of shareholders' funds is a matter of continuing strategic decision-making rather than of static structure. The literature is not unanimous. Aktan et al. (2018) reported a negative association between meeting frequency and return on equity among Bahraini financial firms, interpreting frequent meetings as a symptom of crisis rather than a cause of performance. Böckerman et al. (2017), by contrast, found meeting frequency positively associated with firm performance in Finland. The divergence indicates that the effect is contingent on institutional setting.

Existence of Important Board Committees

Board committees devolve specialised oversight to smaller groups possessing relevant expertise. Three are treated as important within banking. The audit committee oversees financial reporting integrity, the external audit relationship and internal control (Abbott et al., 2019; Alqatamin, 2018). The risk committee oversees the identification, measurement and mitigation of credit, market, liquidity and operational exposures (Elamer & Benyazid, 2018). The remuneration committee aligns executive compensation with sustained performance rather than short-horizon earnings (Chou & Buchdadi, 2017). Where all three are present and functioning, the informational quality of board deliberation improves and the scope for expropriation narrows, which bears on the earnings ultimately available to shareholders. The evidence is mixed: Abu et al. (2020) found nomination, evaluation and credit committees significant while audit and risk committees were not, and Bajra and Cadez (2018) found that the mere existence of an audit committee carried a negative effect where monitoring competence was absent.

Financial Performance

Financial performance reflects the efficiency with which a bank converts its resources into earnings and sustains solvency. Capital adequacy, measured as equity capital to total assets, indicates the buffer available to absorb losses and is the principal regulatory index of resilience (Lotto & Kakozi, 2016). Return on equity, measured as net income to total equity, indicates the return generated on owners' funds and is the measure to which shareholders and analysts attach greatest weight (Kapaya & Raphael, 2016). Shareholders' earnings indicate the residual claim accruing to equity holders and are the outcome most directly affected by the integrity of reporting and the alignment of executive incentives. Disaggregating performance in this way permits each governance construct to be tested against the outcome it is theoretically expected to affect, which is more informative than regressing a composite governance index on a single profitability measure.

THEORETICAL FRAMEWORK

The study is anchored on Agency Theory, formulated by Jensen and Meckling (1976) and developed within the governance literature by Fama and Jensen (1983). The theory holds that the separation of ownership from control generates divergent incentives between principals and agents, and that monitoring mechanisms are required to constrain the resulting costs. Applied to banking, the theory identifies the board as the primary internal monitoring instrument and predicts that the vigour with which the board exercises that function, through self-evaluation, regular convening and specialised committee oversight, determines the extent to which agency costs are contained and performance preserved.

Two supporting perspectives complete the framework. Resource-Based Theory, traceable to Barney (1991) and Castanias and Helfat (1991), treats the board as a stock of human and relational capital rather than merely as a control device. On this view, frequent board engagement mobilises directorial expertise, networks and judgement into the strategic process, which supplies the mechanism through which board activities translate into superior returns on equity. Stakeholder Theory, associated with Freeman (1984), holds that the firm is accountable to a wider constituency than its shareholders alone, a proposition of particular force in banking where depositors, regulators and the wider financial system bear the consequences of failure. It supplies the rationale for specialised committees, whose function is to render the board's oversight legible and credible to those external constituencies.

Taken together, the three theories generate a coherent chain. Agency Theory establishes why monitoring is necessary and predicts that board control protects the capital buffer; Resource-Based Theory explains why the intensity of board engagement enhances returns on shareholders' funds; and Stakeholder Theory explains why the institutionalisation of committee oversight bears on the earnings ultimately reported to and retained by shareholders. The combination supports the study's central proposition that distinct dimensions of governance quality operate on distinct dimensions of financial performance.

Empirical Review

Al-Matari (2020), studying financial firms in the Gulf Cooperation Council, established a positive and significant relationship between board characteristics and corporate performance, and observed that meeting frequency facilitates timely resolution of compliance matters. Alqudah et al. (2019), working on Jordanian banks, found board size significant but reported that meeting frequency and board independence were not significantly associated with return on assets.

Aslam and Haron (2020), analysing 129 Islamic banks across twenty-nine countries between 2008 and 2017, found that Shariah board and audit committee variables positively affected both return on equity and return on assets, while chief executive duality produced mixed effects. Hermawan et al. (2021), studying Indonesian banks, attributed 61.6 per cent of the variation in return on assets to governance variables, a magnitude substantially above that recovered in most single-construct designs.

Aktan et al. (2018) examined Bahraini financial firms between 2011 and 2016 and found that a higher frequency of board meetings exerted a significantly negative effect on return on equity, an outcome they attributed to the reactive convening of boards under conditions of distress. Abu et al. (2020), by contrast, working on Nigerian deposit money banks, found board meeting frequency significantly positive alongside nomination, evaluation and credit committees, while audit and risk committees were insignificant.

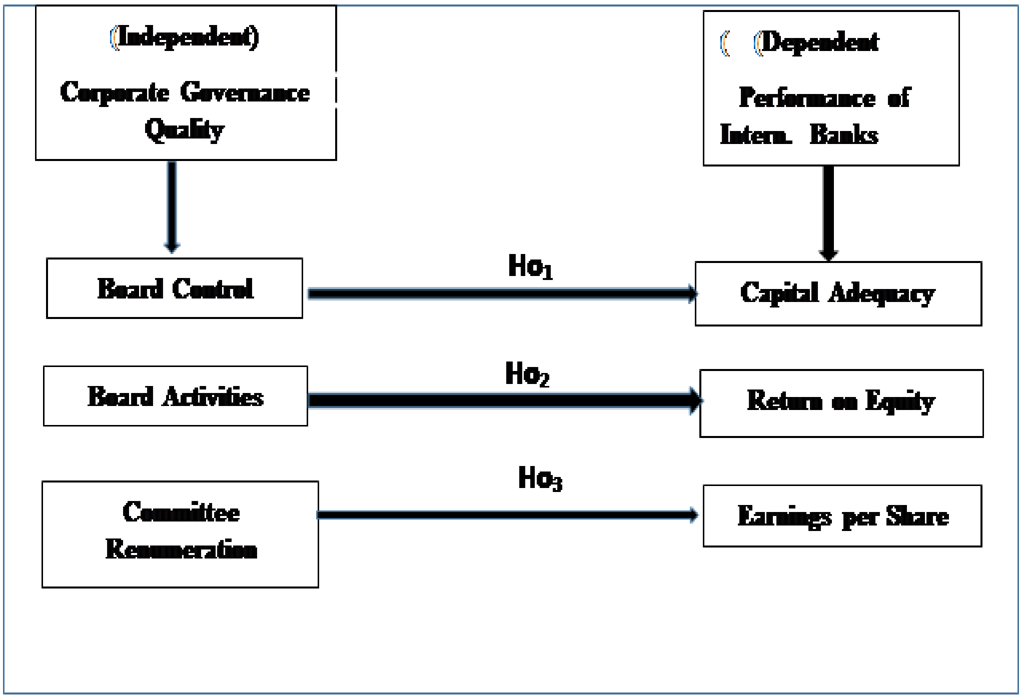
On committee effects, Elamer and Benyazid (2018) reported a negative relationship between risk committee attributes and bank performance in a multi-country sample, suggesting that risk committees may generate agency conflicts of their own. Elbahar (2019) found a strong association between committee structure diversity and performance among Gulf banks. Bajra and Cadez (2018), studying European firms, drew the distinction that matters most for the present study: audit committee monitoring effectiveness and competence were positively associated with reporting quality, whereas the mere existence of an audit committee carried a negative effect.

Gaps in Literature

The reviewed studies disclose three deficiencies. First, the Nigerian evidence concentrates on a narrow and heavily reused set of compositional governance proxies, principally board size, board independence and ownership structure, with the consequence that the behavioural dimensions of board work remain untested within the domestic banking sector. Second, where governance is examined, financial performance is typically operationalised as a single undifferentiated profitability measure, which suppresses the possibility that different governance mechanisms bear on different performance outcomes. Third, and most consequentially, no known Nigerian study specifies board control and board activities as distinct constructs and matches them to capital adequacy and return on equity respectively, while treating committee existence as a determinant of shareholders' earnings. This study addresses those gaps by estimating three theoretically matched models.

CONCEPTUAL FRAMEWORK

The study conceptualises the financial performance of international commercial banks as a function of corporate governance quality, with governance disaggregated into three constructs and performance disaggregated into three corresponding outcomes. Board control, operating through the accountability mechanism identified by Agency Theory, is expected to strengthen capital adequacy. Board activities, operating through the mobilisation of directorial expertise identified by Resource-Based Theory, are expected to raise return on equity. The existence of important board committees, operating through the accountability and transparency mechanism identified by Stakeholder Theory, is expected to improve shareholders' earnings. The framework therefore anticipates three positive relationships, each running from a distinct governance construct to the performance dimension most proximate to it.



Conceptualisation (2026)
Source: Researcher's

METHODOLOGY

The study adopted an ex-post facto research design within a quantitative framework. The design is appropriate because the variables of interest are historical, already recorded in audited financial statements, and are not

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susceptible to manipulation by the researcher. Because the data combine a cross-sectional dimension across banks with a time-series dimension across years, panel data were assembled to exploit both sources of variation and to control for unobserved heterogeneity among institutions.

The population comprised all international commercial banks operating in Nigeria and licensed by the Central Bank of Nigeria as at 31 December 2023. A judgmental sampling technique was employed to select international commercial banks listed on the growth, main and premium boards of the Nigerian Exchange Group, on the criterion of continuous listing and uninterrupted disclosure across the study window. The study covered the ten-year period 2014 to 2023, giving 100 bank-year observations. The period was selected because it follows the consolidation of the post-crisis Central Bank of Nigeria governance codes, and therefore represents an interval over which governance disclosure is consistent and comparable across institutions.

Secondary data were extracted from the audited annual reports and accounts of the sampled banks, supplemented by publications of the Central Bank of Nigeria and disclosures of the Nigerian Exchange Group. Corporate governance data were hand-collected from the corporate governance and directors' reports contained in the annual reports. A structured data extraction checklist was used to ensure consistency of measurement across banks and across years.

The dependent variable, financial performance, was measured through three proxies. Capital adequacy (CA) was measured as equity capital to total assets, following Lotto and Kakozi (2016). Return on equity (ROE) was measured as net income to total equity, following Kapaya and Raphael (2016). Shareholders' earnings (SE) were measured as earnings attributable to ordinary shareholders per share. The independent variable, corporate governance quality, was measured through three proxies. Board control (BC) was measured as a dummy variable taking the value one where the board formally evaluates its own activities, the chief executive's performance and the performance of individual directors, and zero otherwise, following Brown and Brown (2011) and Yılmaz (2010). Board activities (BA) were measured as the number of board meetings held annually, following Balagobei (2019). The existence of important board committees (ECOM) was measured as a dummy variable taking the value one where the audit, risk and remuneration committees are all present, and zero otherwise, following Chou and Buchdadi (2017) and Alqatamin (2018). Board gender diversity (BGD), measured as the percentage of female directors, was collected and examined descriptively and correlationally but was not specified in the estimated models.

Three models were specified to correspond with the study objectives:

Model 1 (Objective i):

$CAit = \beta 0 + \beta 1BCit + \varepsilon it$

Model 2 (Objective ii):

$ROEit = \beta 0 + \beta 1BAit + \varepsilon it$

Model 3 (Objective iii):

$SEit = \beta 0 + \beta 1ECOMit + \varepsilon it$

where CA denotes capital adequacy, ROE denotes return on equity, SE denotes shareholders' earnings, BC denotes board control, BA denotes board activities, ECOM denotes the existence of important board committees, i indexes banks, t indexes years, β0 is the intercept, β1 is the slope coefficient and εit is the stochastic error term. Each objective was modelled separately in order to preserve the theoretical correspondence between a given governance construct and the performance dimension it is expected to affect.

Analysis proceeded in three stages. Descriptive statistics were computed to characterise the distribution of each variable. A Pearson correlation matrix was estimated to establish the direction and strength of bivariate association and to screen for multicollinearity. Ordinary least squares regression was then applied to each model, with the Durbin-Watson statistic reported as a diagnostic for serial correlation. Hypotheses were tested at the five per cent level of significance, the null being rejected where the reported probability value fell below 0.05.

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RESULTS AND DISCUSSION

Descriptive Statistics

Table 1 Descriptive Statistics of Study Variables

Variable	Obs.	Mean	Std. Dev.	Min	Max
Capital Adequacy (CA)	100	0.17	0.14	−1.80	0.84
Return on Assets (ROA)	100	0.03	0.02	−0.53	0.25
Return on Equity (ROE)	100	0.17	0.21	−0.29	2.30
Shareholders' Earnings (SE)	100	0.13	0.19	0.00	0.99
Board Gender Diversity (BGD) %	100	20.30	16.70	0.00	71.40
Board Control (BC)	100	0.60	0.49	0.00	1.00
Existence of Committees (ECOM)	100	0.87	0.34	0.00	1.00
Board Activities (BA)	100	4.90	1.70	2.00	11.00

Source: Researcher's Computation (2026)

Table 1 shows that the sampled banks had a mean capital adequacy ratio of 0.17, indicating that they generally maintained capital above the recommended minimum. However, the minimum value of −1.80 suggests that some bank-year observations experienced negative equity and capital impairment.

Return on assets averaged 0.03, indicating relatively low efficiency in asset utilization, while return on equity averaged 0.17, reflecting satisfactory use of shareholders' funds. Shareholders' earnings had a mean of 0.13 with a relatively high standard deviation, indicating considerable variation across the banks.

Among the governance variables, board control recorded a mean of 0.60, suggesting that performance evaluations of boards and senior management were conducted in 60% of observations. The existence of key board committees averaged 0.87, indicating widespread adoption of audit, risk, and remuneration committees. Board activities averaged 4.9 meetings per year, reflecting differences in board engagement, while board gender diversity averaged 20.3%, showing that female representation on bank boards remains relatively low.

Regression Results

Table 2 Regression Result for Board Control and Capital Adequacy

Variable	B	Std. Error	Beta	t	Sig.
(Constant)	2.301	0.512	—	4.496	0.000
Board Control (BC)	0.403	0.143	0.319	2.819	0.006

R = 0.319; R^2 = 0.102; Adjusted R^2 = 0.089; Durbin-Watson = 1.216; F(1, 98) = 7.949; Prob(F) = 0.006. Dependent variable: CA.

Source: Researcher's Computation (2026)

Table 3 Regression Result for Board Activities and Return on Equity

Variable	B	Std. Error	Beta	t	Sig.
(Constant)	2.093	0.456	—	4.595	0.000
Board Activities (BA)	0.452	0.136	0.370	3.330	0.001

R = 0.370; R^2 = 0.137; Adjusted R^2 = 0.124; Durbin-Watson = 1.312; F(1, 98) = 11.088; Prob(F) = 0.001. Dependent variable: ROE.

Source: Researcher's Computation (2026)

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Table 4 Regression Result for Existence of Important Committees and Shareholders' Earnings

Variable	B	Std. Error	Beta	t	Sig.
(Constant)	2.713	0.363	—	7.472	0.000
Existence of Committees (ECOM)	0.206	0.101	0.237	2.045	0.045

R = 0.237; R^2 = 0.056; Adjusted R^2 = 0.043; Durbin-Watson = 1.506; F(1, 98) = 4.180; Prob(F) = 0.045. Dependent variable: SE.

Source: Researcher's Computation (2026)

The results in Tables 2 to 4 are consistent in direction across the three models. Board control exerts a positive and statistically significant effect on capital adequacy (β = 0.403, t = 2.819, p = 0.006), and the model is significant overall, F(1, 98) = 7.949, p = 0.006. The estimated model is CA = 2.301 + 0.403BC, indicating that the introduction of formal board self-evaluation is associated with an increase of approximately 0.40 units in the capital adequacy measure. Board activities exert a positive and statistically significant effect on return on equity (β = 0.452, t = 3.330, p = 0.001), with the model significant overall, F(1, 98) = 11.088, p = 0.001, giving ROE = 2.093 + 0.452BA. The existence of important board committees exerts a positive and statistically significant effect on shareholders' earnings (β = 0.206, t = 2.045, p = 0.045), with the model significant overall, F(1, 98) = 4.180, p = 0.045, giving SE = 2.713 + 0.206ECOM.

The explanatory power of the three models is nonetheless modest. Board control accounts for 10.2 per cent of the systematic variation in capital adequacy, board activities for 13.7 per cent of the variation in return on equity, and committee existence for 5.6 per cent of the variation in shareholders' earnings. The remaining variation is attributable to determinants outside the specified models, including macroeconomic conditions, exchange rate volatility, credit portfolio quality, operating cost structure and bank-specific strategic factors. Durbin-Watson statistics of 1.216, 1.312 and 1.506 indicate the presence of positive serial correlation in the residuals, which is characteristic of panel data in which observations on the same institution are correlated across time.

Test of Hypotheses

Table 6 Summary of Hypothesis Testing

Hypothesis	Relationship Tested	β	p-value	Decision (α = 0.05)
H01	BC → CA	0.403	0.006	Reject H01
H02	BA → ROE	0.452	0.001	Reject H02
H03	ECOM → SE	0.206	0.045	Reject H03

Source: Researcher's Computation (2026)

All three null hypotheses are rejected at the five per cent level of significance. Board control significantly affects capital adequacy; board activities significantly affect return on equity; and the existence of important board committees significantly affects shareholders' earnings.

DISCUSSION OF FINDINGS

The finding that board control significantly improves capital adequacy supports Agency Theory, indicating that effective board oversight strengthens accountability and promotes sound capital management. This finding agrees with Pathan (2009), Beltratti and Stulz (2012), and John and Ogechukwu (2018).

The positive effect of board activities on return on equity supports Resource-Based Theory, suggesting that regular board meetings enhance strategic decision-making and improve financial performance. This result is consistent with Al-Matari (2020), Böckerman et al. (2017), and Abu et al. (2020), but differs from Aktan et al. (2018) and Alqudah et al. (2019), possibly due to Nigeria's stronger regulatory requirements for board meetings.

The significant effect of board committees on shareholders' earnings supports Stakeholder Theory, highlighting the importance of specialized oversight in improving governance and performance. This finding is consistent with Elbahar (2019) and Aslam and Haron (2020), although committee effectiveness depends on more than their mere existence, as noted by Bajra and Cadez (2018).

Overall, the findings show that corporate governance enhances bank performance through improved capital adequacy, return on equity, and shareholders' earnings, although governance operates alongside other financial and economic factors.

SUMMARY, CONCLUSION AND RECOMMENDATIONS

Summary

This study examined the effect of corporate governance quality on the financial performance of international commercial banks in Nigeria over the period 2014 to 2023. Adopting an ex-post facto design and drawing on 100 bank-year observations from audited annual reports, the study specified three governance constructs, board control, board activities and the existence of important board committees, and matched each to a distinct performance outcome, namely capital adequacy, return on equity and shareholders' earnings. Data were analysed using descriptive statistics, Pearson correlation and ordinary least squares regression at the five per cent level of significance.

The findings established, first, that board control exerts a positive and statistically significant effect on capital adequacy ($\beta = 0.403$, $t = 2.819$, $p = 0.006$), with the model explaining 10.2 per cent of the variation in the dependent variable. Second, board activities exert a positive and statistically significant effect on return on equity ($\beta = 0.452$, $t = 3.330$, $p = 0.001$), with the model explaining 13.7 per cent of the variation. Third, the existence of important board committees exerts a positive and statistically significant effect on shareholders' earnings ($\beta = 0.206$, $t = 2.045$, $p = 0.045$), with the model explaining 5.6 per cent of the variation. Correlation analysis further indicated positive and significant associations between board gender diversity and each of the four performance measures examined, most strongly with return on assets ($r = 0.450$, $p < 0.01$), though gender diversity was not specified in the estimated models.

Conclusion

The study concludes that corporate governance quality is a measurable determinant of the financial performance of international commercial banks in Nigeria, and that its influence is exerted through distinct channels rather than through a single undifferentiated mechanism. Boards that formally evaluate their own performance, that of the chief executive and that of individual directors sustain stronger capital positions, which bears directly on regulatory compliance and on resilience to shock. Boards that convene more frequently generate higher returns on shareholders' funds, which indicates that the intensity of board engagement, and not merely its composition, is consequential for performance. Banks that maintain the full complement of audit, risk and remuneration committees deliver stronger earnings to shareholders, which indicates that specialised oversight carries value beyond its formal regulatory requirement.

These conclusions are advanced with appropriate qualification. The explanatory power of each model is modest, ranging from 5.6 to 13.7 per cent, which establishes that governance operates alongside macroeconomic conditions, credit portfolio quality and strategic positioning rather than in place of them. The high mean recorded on the committee variable further indicates that committee architecture is now close to universal within the sector, so that the relevant policy question has shifted from whether committees exist to whether they function. Sustaining performance within the Nigerian banking sector accordingly requires not the further proliferation of governance structures but the deepening of governance practice.

Recommendations

Arising from the findings, the following recommendations are offered:

1. Bank boards should institutionalise formal annual evaluation of board performance, chief executive performance and individual director performance, since board control was found to strengthen capital

adequacy and forty per cent of observations recorded no such evaluation.
2. Bank boards should ensure that meeting frequency is sufficient for sustained strategic oversight rather than merely adequate for regulatory compliance, given the significant positive effect of board activities on return on equity and the wide variation observed across institutions.
3. Banks should maintain the full complement of audit, risk and remuneration committees, and should direct attention to the composition, expertise and meeting discipline of those committees rather than to their formal existence alone.
4. The Central Bank of Nigeria and the Securities and Exchange Commission should extend their governance codes to require disclosure of board self-evaluation processes and outcomes, since board control is presently neither uniformly practised nor systematically reported.
5. Regulators should shift supervisory attention from the existence of board committees, now near-universal within the sector, to the substance of committee work, including member expertise, meeting frequency and the disposition of matters escalated to the board.
6. Investors and analysts should treat evidence of formal board evaluation and active board engagement as material signals of governance quality when appraising Nigerian banking equities.
7. Banks should give continued attention to board gender diversity, which correlated positively and significantly with each performance measure examined, while recognising that the present study did not test this relationship in a regression framework.

CONTRIBUTION TO KNOWLEDGE

Theoretically, the study extends agency-based governance research by demonstrating that distinct governance constructs bear on distinct dimensions of bank performance, a proposition that composite governance indices are structurally incapable of testing. Methodologically, it contributes by operationalising board control and board activities as behavioural constructs, measured respectively through formal board evaluation practice and annual meeting frequency, in place of the compositional proxies that dominate the Nigerian literature, and by matching each construct to a theoretically proximate performance outcome rather than regressing all governance variables on a single profitability measure. Empirically, it supplies Nigerian evidence that board control improves capital adequacy, that board activities improve return on equity, and that committee existence improves shareholders' earnings, while establishing that the magnitude of each effect is modest. For policy, the study furnishes regulators, bank boards and investors with a differentiated basis for governance intervention, indicating that the marginal return to further structural mandates is now limited relative to the return to deepening the practice of board self-evaluation and committee work.

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