ANUK COLLEGE OF PRIVATE SECTOR Accounting Journal

VOL. 2 NO. 2 JUNE, 2025

A Publication of College of Private Sector Accounting
ANAN University Kwall, Plateau State, Nigeria.

Published June, 2025.

Web Address: https://www.anukpsaj.com, Email: anukpsaj@gmail.com

Printed by:
MUSSAB Printers,
NB, 9 Muri road by gwari road, Kaduna State, Nigeria.
Phone contact: 07038776658,
Email: meetsuleiman009@gmail.com

Structure of Manuscript

Manuscripts must be typed on A size paper with 12 font size (Times New Roman), not more than 15 pages, double-spaced, and in English. The file name should include the corresponding author's name and a keyword from the title.

Sequence of Manuscript

I. Title page
II. Abstract (150-250 words)
III. Keywords (3-5)
IV. Introduction
V. Literature Review
VI. Methodology
VII. Results and Discussion
VIII. Conclusion and Recommendations
IX. References (APA 7th Edition)
X. Appendices (if necessary)
XI. Author Biographies (optional)

Plagiarism Policy

ANUK is committed to maintaining high standards through an indept peer-review process with sound ethical policies. Any infringements of professional ethical codes, such as plagiarism; including self-plagiarism, fraudulent use of data, are seriously frowned at by the journal with zero tolerance.

ANUK implements the Code of Conduct of the Committee on Publication Ethics (COPE), and uses the COPE Flowcharts for Resolving cases of suspected plagiarism or any publication misconduct.

In order to avoid plagiarism cases with the ANUK, the following guidelines must be strictly adhered to by authors:

Authors should ensure that they have written entirely original works, and if authors have used the work and/or words of others that this has been appropriately cited or quoted.

An author should not, in general, publish manuscripts describing essentially the same research in more than one journal or primary publication. Submitting the same manuscript to more than one journal concurrently constitutes unethical publishing behavior and is unacceptable.

Proper acknowledgment of the work of others must always be adhered to. Authors should cite publications that have been influential in determining the nature of the reported work.

Editorial Team

TABLE OF CONTENT

TABLE OF CONTENT

CORPORATE GOVERNANCE ATTRIBUTES AND FINANCIAL PERFORMANCE OF LISTED DEPOSIT MONEY BANKS IN NIGERIA

DOMINIC MARCELLINA ENE
Department of Auditing and Forensic Accounting
ANAN University Kwall
m.enedominic@gmail.com

UYAGU DAVID BENJAMIN
Department of Auditing and Forensic Accounting
ANAN University Kwall
benmekus91@gmail.com

ABSTRACT

This study investigates the relationship between corporate governance attributes and the financial performance of listed Deposit Money Banks (DMBs) in Nigeria. Focusing on key governance variables—board size, board independence, and ownership concentration—the research examines their impact on bank profitability measured by Return on Assets (ROA). Employing an ex-post facto research design, secondary data were collected from 50 observations spanning selected Nigerian banks. The analysis was conducted using multiple regression techniques to determine the significance and direction of these governance attributes on financial performance. Results indicate that board size and ownership concentration have a positive and statistically significant effect on ROA, suggesting that larger boards and concentrated ownership structures enhance firm profitability through improved oversight and alignment of interests. Conversely, board independence was found to have a negative and significant relationship with financial performance, implying potential drawbacks of excessive independence on effective decision-making. The study recommends that Nigerian banks adopt a balanced board composition and encourage strategic ownership concentration while ensuring that independent directors add real value through expertise and engagement. These findings contribute to the growing literature on governance and performance in emerging economies' banking sectors and offer practical implications for policymakers and bank managers.

1.0 Introduction

Financial performance remains a central concern in evaluating the health, competitiveness, and sustainability of firms, particularly in the banking sector. It reflects the extent to which an organization achieves its financial objectives, typically measured through indicators such as return on assets (ROA), return on equity (ROE), and net profit margin. In the context of banks, strong financial performance signals operational efficiency, prudent risk management, and the capacity to contribute meaningfully to economic development (Adegbite, Ogunbiyi, & Dada, 2023). For stakeholders such as investors, regulators, and depositors, the financial performance of banks is a key determinant of trust and long-term engagement.

Among the various factors influencing financial performance, corporate governance has emerged as a significant internal mechanism that shapes managerial behavior, strategic direction, and risk oversight. Corporate governance encompasses the frameworks and practices by which firms are directed and controlled. Specifically, attributes such as board size, board independence, and ownership structure are often examined for their role in influencing financial outcomes. A well-structured board with the right mix of independence and expertise is believed to enhance strategic decision-making and oversight, thereby positively affecting performance (Ibrahim & Osabuohien, 2022). Similarly, ownership concentration can either align or misalign the interests of shareholders and management, with implications for accountability and profitability (Uwuigbe, Uwuigbe, & Oladipo, 2023).

This relationship between corporate governance and financial performance is particularly relevant to Nigeria's banking industry, which has undergone significant reforms aimed at improving stability and transparency. In Nigeria, deposit money banks (DMBs) play a critical role in financial intermediation, capital allocation, and economic stabilization. Of the 24 licensed DMBs, 13 are listed on the Nigerian Exchange Group (NGX) as of 2024 (Nigerian Exchange Group, 2024). These listed banks—such as Zenith Bank Plc, Access Holdings Plc, United Bank for Africa Plc, and First Bank Holdings Plc—are not only subject to regulatory supervision by the Central Bank of Nigeria (CBN), but also to higher standards of corporate disclosure and governance as public entities (CBN, 2024).

Despite these regulatory efforts, empirical findings on the influence of governance attributes on the financial performance of listed DMBs in Nigeria remain inconclusive. Some studies have found positive associations between board independence and financial outcomes, while others report no significant effect or even adverse relationships depending on the governance context and economic conditions (Okoye, Eze, & Anene, 2024; Alabi & Hassan, 2023). This inconsistency highlights the need for a more focused inquiry into how specific governance attributes—namely board size, board independence, and ownership structure—impact the financial performance of Nigerian banks.

Despite extensive research on the relationship between corporate governance and firm performance, there remains persistent ambiguity concerning the specific impact of governance attributes such as board size, board independence, and ownership structure, particularly within the context of listed deposit money banks (DMBs) in Nigeria. While these attributes are fundamental to board functionality and shareholder protection, many recent empirical studies have predominantly focused on alternative governance dimensions. For instance, Okafor et al. (2023) explored the role of audit committee characteristics, including size and financial expertise, in influencing the profitability of Nigerian banks, with limited emphasis on broader board structures. Similarly, Ezeani and Nwankwo (2022) concentrated on CEO duality and gender diversity as their core governance variables, concluding that leadership structure had a more pronounced effect on performance than board composition. Olowokure et al. (2023) investigated risk management committees and corporate transparency as moderating factors in the governance-performance nexus among West African banks. These studies, while valuable, do not adequately address the ongoing debate surrounding how structural governance features—such as the number of directors (board size), the proportion of independent directors (board independence), and the dispersion of ownership (ownership structure)—contribute to or hinder firm performance. As a result, the literature still lacks clarity on the standalone and combined effects of these foundational governance variables, especially in light of Nigeria's evolving regulatory framework and corporate disclosure environment.

This gap highlights the need for renewed empirical attention toward these traditional, yet under-explored, governance attributes to better understand their significance in improving the financial performance of listed DMBs operating in an emerging market like Nigeria.

In order to achieve the objective of the study the following hypotheses were formulated in null forms

H_{0_1}: Board size does not significantly influence the ROA of listed Deposit Money Banks in Nigeria.

H_{0_2}: Board independence does not significantly impact the ROA of listed Deposit Money Banks in Nigeria.

H_{0_3}: Ownership concentration does not significantly affect the ROA of listed Deposit Money Banks in Nigeria.

2.0 Literature Review

Financial performance is a core concept in accounting and finance that describes how well an organization utilizes its assets and manages its operations to generate revenue and maximize profits over a given period. It reflects the outcome of management decisions and strategic initiatives in quantitative financial terms such as profitability, liquidity, solvency, and operational efficiency (Brigham & Houston, 2021). In a broader sense, financial performance represents the firm's ability to create economic value, deliver shareholder returns, and maintain financial sustainability in competitive environments (Higgins, 2022).

Scholars and practitioners often assess financial performance through a variety of indicators depending on the industry and research context. In the banking sector, where asset management is crucial, Return on Assets (ROA) is widely regarded as a robust and reliable measure. ROA evaluates how effectively a firm uses its total assets to generate net income. It is computed by dividing net profit after tax by total assets, often expressed as a percentage. A higher ROA indicates that the firm is efficiently converting its assets into profit, which reflects superior managerial efficiency and financial health (Ross, Westerfield, & Jordan, 2019).

According to Nwidobie (2021), ROA is particularly relevant for deposit money banks because their operations revolve around asset-based intermediation—mobilizing deposits and allocating them as loans or investments. Hence, ROA not only captures profitability but also reflects asset utilization, lending efficiency, and the quality of incomegenerating activities. Moreover, regulators such as the Central Bank of Nigeria (CBN) and global institutions like the Basel Committee on Banking Supervision often use ROA to benchmark bank performance and systemic stability (CBN, 2022).

Corporate governance refers to the system of rules, practices, and processes by which firms are directed and controlled, particularly in relation to decision-making, accountability, and stakeholder engagement. It encompasses both internal mechanisms—such as board composition and ownership structure—and external mechanisms, including regulatory compliance and market discipline (Tricker, 2019). At its core, corporate governance seeks to resolve agency conflicts between managers and shareholders by ensuring transparency, strategic oversight, and alignment of interests (Jensen & Meckling, 1976; OECD, 2015).

Within this broad framework, corporate governance attributes are the specific components or mechanisms used to assess the effectiveness of governance structures. Among these, board size, board independence, and ownership structure are foundational elements that have been widely examined for their potential influence on firm performance, especially in emerging economies like Nigeria (Ibrahim & Osabuohien, 2022).

Board Size refers to the total number of directors serving on a company's board. A larger board is often associated with a diversity of skills, experience, and perspectives, which can enhance decision-making quality and oversight capacity. However, excessively large boards may lead to coordination problems and diluted accountability (Yermack, 1996). Empirical studies have shown mixed results: while some researchers argue that an optimal board size improves performance (Kyereboah-Coleman & Biekpe, 2006), others have found a negative or insignificant relationship depending on the organizational context (Uwuigbe et al., 2023).

Board Independence measures the proportion of non-executive or independent directors who do not have material relationships with the company. Independent directors are believed to improve monitoring, reduce managerial opportunism, and enhance investor confidence due to their impartiality (Fama & Jensen, 1983). In the banking sector, where risk exposure is high, board independence is particularly critical for objective oversight and regulatory compliance (CBN, 2022). However, in practice, the effectiveness of independent directors depends on their competence, engagement, and freedom from undue influence (Alabi & Hassan, 2023).

Ownership Structure refers to the distribution and concentration of equity ownership in a firm. It includes dimensions such as institutional ownership, managerial ownership, and block-holder ownership. Concentrated ownership may enhance monitoring by aligning interests between large shareholders and management (Shleifer & Vishny, 1997), but it can also lead to entrenchment or expropriation of minority shareholders (La Porta et al., 2000). In Nigeria, where family-owned and government-influenced banks are prevalent, ownership structure plays a critical role in shaping corporate behavior and financial outcomes (Olowokure et al., 2023).

2.1 Empirical Studies

Adeyemi and Fagbemi (2022) conducted a study on Nigerian deposit money banks to investigate how board size influences firm profitability. Using panel data collected from annual reports of 15 listed banks between 2015 and 2020, the authors employed fixed effects regression analysis to control for unobserved heterogeneity across firms. Their findings revealed a significant positive relationship between board size and Return on Assets (ROA), suggesting that larger boards contribute to better monitoring and diverse expertise, which in turn enhances financial performance in the Nigerian banking sector. However, the study cautioned that excessively large boards might lead to coordination challenges, though this was not strongly evident in their sample.

In contrast, Munyambonera and Kiberu (2023) investigated the impact of board size on the financial performance of commercial banks in Kenya. Utilizing data from 12 listed banks over the period 2016 to 2022, the study applied random effects panel regression to explore the effect of governance variables on ROA. Their results indicated a statistically significant negative relationship between board size and financial performance, attributing this to possible inefficiencies and slower decision-making processes in larger boards. The study concluded that an optimal, moderate board size is more conducive to enhancing profitability in the Kenyan banking context, highlighting the importance of board composition balance.

Chukwuemeka and Olusola (2023) examined the effect of board independence on the financial performance of listed deposit money banks in Nigeria. Using a panel dataset spanning 2014 to 2021 from 14 Nigerian banks, the study employed a fixed effects regression model to control for firm-specific effects. The results demonstrated a positive and statistically significant relationship between the proportion of independent directors on the board and Return on Assets (ROA). The authors concluded that independent directors enhance monitoring effectiveness and strategic decision-making, which contribute positively to the banks' profitability and sustainability.

In a different context, Kamau and Waweru (2022) conducted a study in Kenya to investigate the influence of board independence on commercial banks' financial performance. Their research utilized data from 10 listed banks between 2015 and 2020, applying generalized method of moments (GMM) estimation to address potential endogeneity issues. Findings revealed that a higher percentage of independent directors on the board was significantly associated with improved financial performance, measured by ROA. The study highlighted that independent directors promote transparency, reduce information asymmetry, and help align the interests of management with shareholders, ultimately driving better financial outcomes in the Kenyan banking sector.

Okoye and Nwafor (2023) explored the impact of ownership concentration on the financial performance of listed deposit money banks in Nigeria. Their study analyzed panel data from 13 banks covering the period 2015 to 2022, employing fixed effects regression to examine the relationship between large shareholder ownership and Return on Assets (ROA). The findings revealed a significant positive association between ownership concentration and financial performance, suggesting that major shareholders actively monitor management decisions, thereby enhancing profitability and operational efficiency in Nigerian banks.

Similarly, Mwangi and Oduor (2022) investigated the effect of ownership concentration on the financial outcomes of commercial banks in Kenya. Using data from 11 listed banks over 2014–2020, the researchers applied the generalized method of moments (GMM) technique to address potential endogeneity concerns. Their results indicated a nonlinear relationship between ownership concentration and financial performance, measured by ROA. Specifically, moderate ownership concentration positively influenced performance by facilitating effective oversight, but very high concentration sometimes led to entrenchment risks and expropriation of minority shareholders, which adversely affected bank profitability. The study emphasized the need for a balanced ownership structure to maximize value creation in Kenyan banks.

2.2 Theoretical Reviews

This study is anchored on the agency theory. The Agency Theory is one of the most widely used theoretical frameworks to underpin studies on corporate governance and financial performance. Originally developed by Jensen and Meckling (1976), agency theory addresses the relationship between principals (shareholders) and agents (company managers). It posits that conflicts of interest arise when managers, who control the day-to-day operations of a firm, pursue their own objectives rather than maximizing shareholder wealth. This divergence can lead to agency costs, including monitoring expenses, bonding costs, and residual loss. In the context of deposit money banks, agency theory provides a foundational rationale for the implementation of corporate governance mechanisms such as board size, board independence, and ownership structure. A well-structured board with sufficient size and independent directors serves as an effective monitoring mechanism to reduce agency problems by overseeing management actions and ensuring decisions align with shareholders' interests (Fama & Jensen, 1983). Similarly, ownership concentration can align managerial incentives with those of large shareholders, as these shareholders have both the power and motivation to closely monitor management and influence strategic decisions (Shleifer & Vishny, 1997). Thus, agency theory helps explain how specific corporate governance attributes mitigate agency conflicts and thereby enhance the financial performance of firms, including listed deposit money banks in Nigeria. It suggests that improved governance structures reduce inefficiencies and improve firm profitability, which is often measured by metrics such as Return on Assets (ROA)
.

3.0 Methodology

This study adopted an ex-post facto research design to examine the relationship between corporate governance attributes (board size, board independence, and ownership concentration) and the financial performance of listed Deposit Money Banks (DMBs) in Nigeria. The ex-post facto design was particularly suitable for this research as it allowed for the investigation of the effects of independent variables (governance attributes) on dependent variables (financial performance) without manipulating the variables, since they had already occurred or were naturally existing. The design involved the collection of secondary data from reliable and established sources, which were utilized to analyze historical relationships and trends. This approach was appropriate given that the study sought to explore the correlation between governance mechanisms and financial outcomes over a period of time, focusing on existing data rather than conducting experimental manipulation. The study made use of secondary data over the period 2015-2024 that were collected from five (5) out of thirteen (13) listed deposit money banks in Nigeria as at 31st December 2024 which included Zenith Bank Plc, Access Holdings Plc, United Bank for Africa Plc, First Bank Holdings Plc and Eco Bank, Plc.

In order to find the effect of corporate governance attributes of board size, board independence, and ownership concentration, as independent variables on firm performance (ROA) as the dependent variable a multiple regression was adopted through the use of E-views software.

The functional relationship was given as follows.

$\beta' s =$ The Parameters of the independent variables to be estimated.
μ = Stochastic Error Term

Table 1.
Variables Definition and Measurement

Variable	Measurement	Reference
Return on Assets (ROA)	ROA is measured as the ratio of net income to total assets = Net Income/Total Assets	Sharma, V., & Reddy, K. (2020).
Board Size	Board size is typically measured as the total number of directors on the board.	Al-Matari, E. M., Al - Swidi, A. K., & Fadzil, F. H. (2014).
Board Independence	Board independence is measured by the proportion of independent (non -executive) directors to total board members.	Ghazali, N. A. M. (2020).
Ownership Concentration	Block institutional shares held/number of ordinary shares * 100	Nguyen, T. D., & Bui, T. T. M. (2021)

Source: Author's Compilation, 2025.

4. Results and Discussion

Table 2: Descriptive statistics of variables

	ROA	Board Size	Board Independence	Ownership Concentration
Mean	2.377400	15.16000	50.80000	52.00000
Median	1.675000	15.00000	60.00000	55.00000
Maximum	4.300000	20.00000	70.00000	60.00000
Minimum	1.100000	12.00000	5.000000	45.00000
Std. Dev.	1.091129	2.629192	23.76243	6.060915
Observations	50	50	50	50

Source: EViews Output

Table 2 presents the descriptive statistics for the key variables used in this study: Return on Assets (ROA), Board Size, Board Independence, and Ownership Concentration, based on 50 observations from listed deposit money banks in Nigeria.

The financial performance, measured by Return on Assets (ROA), has a mean value of 2.38%, indicating that on average, banks generated a return of 2.38% on their total assets during the study period. The median ROA is 1.68%, suggesting that half of the banks earned less than this value, which is slightly lower than the mean and implies a positively skewed distribution. The ROA ranges from a minimum of 1.10% to a maximum of 4.30%, reflecting notable variability in profitability across banks. The standard deviation of 1.09 confirms a moderate spread around the mean.

The Board Size shows a mean of 15.16 members, with a median of 15, suggesting that most banks maintain a moderately sized board in line with corporate governance expectations. The minimum board size observed is 12, while the maximum is 20, implying some flexibility in board composition among different banks. The standard deviation of 2.63 suggests that the board sizes are not highly dispersed, meaning that board composition is relatively consistent across the sampled institutions.

In terms of Board Independence, the average proportion of independent directors is 50.8%, indicating that just over half of the board members are non-executive or independent directors on average. However, the median value is higher at 60%, suggesting that many banks exceed the mean in ensuring board independence. The range is quite wide, with the lowest independence at 5% and the highest at 70%, reflecting significant variations in how different banks structure their boards in terms of independent oversight. The high standard deviation of 23.76 underscores this variability and highlights that some banks may still fall short of recommended corporate governance best practices.

Finally, Ownership Concentration—measured by the percentage of shares held by major shareholders—has a mean value of 52%, indicating that over half of the ownership is often controlled by a few large shareholders. The median value of 55% suggests that in many cases, the top shareholders control more than half of the equity, reinforcing the dominance of blockholders in the Nigerian banking sector. The values range from a minimum of 45% to a maximum of 60%, and the standard deviation of 6.06 implies relatively low dispersion, suggesting that ownership structures are somewhat similar across the banks studied.

Overall, these descriptive statistics provide insight into the governance and financial characteristics of Nigerian deposit money banks, revealing moderate variability in financial performance, board structure, and ownership distribution.

Table 3 Correlation Matrix

	ROA	Board Size	Board Independence	Ownership Concentration
ROA	1			
Board Size	-0.2878	1		
Board Independence	0.4888	0.0044	1	
Ownership Concentration	0.6292	-0.7376	0.6546	1

Source: EViews Output

The correlation matrix presented in Table 3 shows the strength and direction of the linear relationships among the variables included in this study. These relationships help assess the degree of association between financial performance (measured by ROA) and corporate governance attributes (board size, board independence, and ownership concentration) in listed deposit money banks in Nigeria.

The correlation between ROA and Board Size is negative (-0.29), indicating an inverse relationship. This suggests that, generally, an increase in board size is associated with a decrease in financial performance. Though the relationship is moderate, it may imply that larger boards could lead to inefficiencies, slower decision-making, or diluted responsibility, thereby affecting profitability negatively. This finding aligns with some strands of literature that argue against excessively large boards due to potential coordination challenges.

In contrast, ROA and Board Independence show a positive correlation of 0.49, implying a moderate direct relationship. This means that greater board independence is associated with higher financial performance among the sampled banks. Independent directors are often seen as effective monitors of management, bringing objectivity and protecting shareholder interests, which may help boost firm performance.

The correlation between ROA and Ownership Concentration is strong and positive (0.63). This indicates that banks with more concentrated ownership structures tend to exhibit higher financial performance. The implication here is that major shareholders—such as institutional investors or founding families—may be more active in monitoring management and ensuring efficient operations, thereby improving profitability.

Looking at the inter-correlations among the independent variables, Board Size and Ownership Concentration show a strong negative correlation of -0.74, suggesting that banks with larger boards tend to have more dispersed ownership structures. This could imply a tendency for more inclusive governance structures in firms with widely held shares. Similarly, Board Independence and Ownership Concentration are positively correlated at 0.65, indicating that firms with more concentrated ownership are also likely to have higher levels of board independence—possibly reflecting a preference among dominant shareholders for external oversight.

Lastly, the correlation between Board Size and Board Independence is very weak and positive (0.004), essentially suggesting no meaningful linear relationship between these two governance attributes in this sample.

In summary, the correlation matrix highlights that financial performance (ROA) is more strongly and positively associated with ownership concentration and board independence, while it is negatively associated with board size. These findings provide preliminary evidence that the structure and composition of corporate governance mechanisms may play a significant role in determining the financial outcomes of deposit money banks in Nigeria.

Table 4 Regression Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-48.33840	6.547031	-7.383255	0.0000
Board Size	1.144800	0.163940	6.983033	0.0000
Board Independence	-0.101860	0.016201	-6.287245	0.0000
Ownership Concentration	0.741060	0.094078	7.877075	0.0000
R-squared	0.711804			
Adjusted R-squared	0.693009			
F-statistic	37.87128			
Prob(F-statistic)	0.000000			

Source: EViews Output

The regression results presented in Table 4 reveal the nature and strength of the relationship between the selected corporate governance attributes—board size, board independence, and ownership concentration—and the financial performance of listed deposit money banks in Nigeria, as measured by Return on Assets (ROA).

The result reveals a positive and statistically significant relationship between board size and ROA, with a coefficient of 1.1448 and a p-value of 0.0000. This indicates that an increase in board size is associated with improved financial performance. Specifically, for every additional board member, ROA increases by approximately 1.14 percentage points, all else being equal. This finding aligns with the results of Mohammed and Yadav (2020), who found a significant positive effect of board size on the financial performance of commercial banks in Ghana, suggesting that larger boards provide broader experience, better strategic guidance, and enhanced monitoring. Similarly, Olarewaju and Folarin (2021), in their study on Nigerian banks using panel data analysis, concluded that a moderately large board supports robust oversight and decision-making, thereby improving profitability.

Board independence exhibits a negative and statistically significant effect on ROA, with a coefficient of -0.1019 and a p-value of 0.0000. This implies that an increase in the proportion of independent directors leads to a decline in financial performance. Specifically, for every one-unit increase in board independence, ROA decreases by about 0.10 percentage points, suggesting that excessive board independence may create disengagement or a lack of contextual insight. This result is consistent with the findings of Arowolo and Olayiwola (2019), who observed a negative association between board independence and bank performance in Nigeria, arguing that independent directors may lack sufficient firm-specific knowledge or time commitment. Similarly, Adefemi and Anyanwu (2022), in their analysis of Nigerian DMBs, found that the mere presence of independent directors did not necessarily enhance performance unless combined with relevant expertise and active participation.

Ownership concentration shows a strong positive and statistically significant effect on financial performance, with a coefficient of 0.7411 and a p-value of 0.0000. This suggests that as ownership becomes more concentrated among fewer, typically more influential shareholders, ROA increases—by approximately 0.74 percentage points for every unit increase in ownership concentration. This finding is supported by Uwuigbe and Olusanmi (2020), who found that concentrated ownership in Nigerian banks often leads to more active monitoring and reduced agency conflicts, which ultimately enhances profitability. Similarly, Ali and Nasir (2021), in their study on South African financial institutions, concluded that strategic blockholders can align management objectives with shareholder interests, thereby improving financial outcomes.

The coefficient of determination (R-squared) is 0.7118, meaning that approximately 71.2% of the variation in ROA among the banks is explained by the combined effect of the three governance attributes. The adjusted R-squared of 0.6930 confirms the model's strong explanatory power, even after adjusting for the number of predictors. Additionally, the F-statistic is 37.87, with a probability value of 0.0000, indicating that the overall regression model is statistically significant and that the independent variables collectively have a meaningful effect on the financial performance of the banks.

5.0 Conclusion and Recommendations

This study examined the relationship between corporate governance attributes specifically board size, board independence, and ownership concentration and the financial performance of listed Deposit Money Banks (DMBs) in Nigeria, with Return on Assets (ROA) serving as the performance indicator. Employing an ex-post facto research design and secondary data analysis, the findings revealed a statistically significant relationship between these governance mechanisms and firm performance.

The results showed that board size positively influences financial performance, suggesting that a moderately larger board can enhance strategic oversight and contribute positively to profitability. On the other hand, board independence demonstrated a negative association with ROA, implying that excessive independence if not matched with relevant industry expertise or commitment may hinder the board's effectiveness and strategic alignment. Meanwhile, ownership concentration exhibited a strong and positive effect on financial performance, indicating that more concentrated ownership could lead to enhanced monitoring, reduced agency problems, and better financial outcomes. With an R-squared value of 71.2%, the study confirms that corporate governance variables explain a substantial portion of the variance in bank profitability. These findings reinforce the importance of tailoring governance structures in ways that support both accountability and performance goals within Nigeria's financial sector.

In conclusion, the study contributes to the ongoing discourse on corporate governance by providing evidence that not all governance mechanisms uniformly enhance firm performance. It underscores the need for listed deposit money banks and regulators to adopt a balanced and contextual approach to board composition and ownership structure to ensure sustainable financial performance. Future research could expand on these findings by incorporating more variables and examining the moderating effects of external factors such as regulatory frameworks or macroeconomic conditions.

Based on the empirical findings of this study, the following recommendations are proposed to enhance the financial performance of listed Deposit Money Banks (DMBs) in Nigeria through more effective corporate governance practices:

i. Given the positive and significant relationship between board size and financial performance, it is recommended that banks maintain a moderately sized board that balances diversity of expertise with efficient decision-making. Excessively small boards may lack the range of skills needed for robust oversight, while overly large boards can lead to coordination difficulties and diluted responsibility. Therefore, regulatory authorities such as the Central Bank of Nigeria (CBN) should provide flexible but guided recommendations that promote optimal board sizes, tailored to the complexity and size of each bank.

ii. Since the study found a negative association between board independence and ROA, bank management and regulators should go beyond simply increasing the number of independent directors and instead focus on ensuring that independent board members possess the requisite industry knowledge, professional competence, and active engagement in governance. Training programs, clearer definitions of independence, and periodic performance assessments should be implemented to ensure that independence translates into meaningful oversight rather than symbolic compliance.

iii. The positive relationship between ownership concentration and financial performance suggests that major shareholders can play a critical role in enhancing firm value through active monitoring and accountability. Policymakers and regulators should therefore create an enabling environment that attracts long-term, committed institutional investors while ensuring adequate protection for minority shareholders. Encouraging strategic block ownership can align shareholder interests with managerial goals and strengthen governance without undermining transparency and inclusiveness.

REFERENCES

Adegbite, T., Ogunbiyi, T., & Dada, S. (2023). Financial performance and risk management practices among Nigerian banks. *Journal of Banking and Finance*, *45*(2), 112–128.

Adeyemi, S. B., & Fagbemi, T. O. (2022). Board size and financial performance: Evidence from Nigerian deposit money banks. *Journal of African Business*, *23*(1), 112–129.

Alabi, S. A., & Hassan, M. B. (2023). Corporate governance mechanisms and financial performance of banks in West Africa: A comparative study of Nigeria and Ghana. *West African Journal of Finance*, *12*(1), 49–67.

Central Bank of Nigeria. (2024). *Financial stability report – December 2023*.

https://www.cbn.gov.ng

Ezeani, E. J., & Nwankwo, O. C. (2022). CEO duality, gender diversity, and financial performance of Nigerian banks. *International Journal of Business Governance*, *15*(2), 87–103.

Fama, E. F., & Jensen, M. C. (1983). Separation of ownership and control. *Journal of Law and Economics*, *26*(2), 301–325. https://doi.org/10.1086/467037

Higgins, R. C. (2022). *Analysis for financial management* (12th ed.). McGraw-Hill Education.

Ibrahim, M., & Osabuohien, E. (2022). Corporate governance mechanisms and firm performance: Evidence from sub-Saharan Africa. *African Journal of Economic Policy*, *29*(1), 65–84.

Jensen, M. C., & Meckling, W. H. (1976). Theory of the firm: Managerial behavior, agency costs and ownership structure. *Journal of Financial Economics*, *3*(4), 305–360.

Munyambonera, E., & Kiberu, S. (2023). Board size and financial performance of commercial banks in Kenya: A panel data approach. *African Journal of Corporate Governance*, *10*(2), 58–75.

Nigerian Exchange Group. (2024). *Listed companies' directory – Banks*. https://www.ngxgroup.com/listings

Okoye, L., Eze, R., & Anene, C. (2024). Corporate governance and financial performance of Nigerian banks: Re-evaluating board dynamics. *International Journal of Finance and Economics*, *39*(1), 79–95.

Okafor, T. C., Okoye, P. V., & Amah, K. U. (2023). Audit committee characteristics and financial performance of listed deposit money banks in Nigeria. *Journal of Accounting and Corporate Governance*, *13*(1), 45–62.

Olowokure, O. A., Adewale, O., & Mensah, K. (2023). Risk governance, transparency, and bank performance in West Africa. *African Journal of Finance and Economic Policy*, *20*(1), 102–125.

Shleifer, A., & Vishny, R. W. (1997). A survey of corporate governance. *The Journal of Finance*, *52*(2), 737–783.

Uwuigbe, U., Uwuigbe, O., & Oladipo, O. (2023). Board structure, ownership concentration, and financial performance: Empirical evidence from Nigerian deposit money banks. *Corporate Governance Review*, *18*(3), 203–220.