Corporate Governance and Bank Performance: a Case Study of Selected Commercial Banks in Nigeria

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Abstract
The main purpose of this study is to determine the impact of corporate governance on the performance of banks, through an empirical study of a sample of 10 Nigerian Commercial banks during the period 2000-2009. This paper seeks to examine the relationship between internal governance and banks performance using three variables (board size, board composition, audit committee) and a performance measure, return on assets. Using the fixed effects model for a panel least square regression analysis, the results provide evidence of an inverse significant relationship between return on assets and board size as well as audit committee. The implication of this is that the board size should be limited to a sizeable limit and the audit committee should be composed of mainly directors with adequate skills, and who are familiar with the banking terrain. The results further reveal a positive significant relationship between return on assets and board composition. This implies that when there are more independent directors on a board, the performance of that bank invariably increases. These results are consistent with prior empirical studies.