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Corporate governance and organisational performance

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Abstract
The study titled corporate governance and organizational performance was an attempt to explore the implications of corporate governance on organizational performance of the selected commercial banks in Nigeria. The study was a survey-type of research that employed compare mean in an attempt to identify the direction and the magnitude of the impact variables under investigation. The data were analysed with t-test. In order to solve the envisaged problem in this research, two hypotheses were formulated. The findings reveal that corporate governance has significant impact on the performance of the organization; the study concludes that effective corporate governance is the fulcrum upon which organizational performance revolves. In light of the aforementioned, the study recommends that Central Bank of Nigeria should set up committee to monitor the activities of the commercial bank to ensure strict compliance with the regulatory framework as provided by code Best practices of Corporate Governance in Nigeria in their financial transactions. This however, guarantees transparency and accountability which in turn, enhances organizational performance.

Keywords: Corporate Governance,Organisational Performance,Accountability and transparency

Introduction

Over the years, the term “Corporate Governance” came into use to broadly describe the general principles by which the Business management of organization were directed and controlled. It encompasses many issues like internal control, rights and relation with stakeholders, social responsibility of the business structure and role of management committee, management transparency and accountability. It also entails planning and strategic development of the organization day to day activities and knowledge of the market and the sound understanding of business itself. Several arguments have been raised on the implication of good corporate governance on organizational performance. To this effect, the World Bank, International Monetary fund (IMF),The Central Bank of Nigeria (CBN),and the Organization of Economic Corporation and Development(OECD) considered corporate governance standard as critical in helping emerging markets rebuild competitiveness, restore investors confidence and promote sustainable economic growth. Brown and Caylor 2004 argued that, regulators and governance advocacy argue that in most cases, stock goes down because of poor governance and if compared with the market price of a well governed firm, the price of the well governed organization will be higher than the poor governed firms. Arnot and Asness (2003) observed that better governed firm give more cash in dividend pay-out which can also be considered as organization performance. Moreover, Bowen et al (2008) found that corporate governance can be found from the accounting discretion, firm with weaker governance structure generally produce report with poorer future performance. According to Gompers, Ishii and Metrick (2003), studying the impact of corporate governance on firm’s performance shows that, strong shareholders in an organization out-perform on risk-adjusted basis. This result indicates that corporate governance can be measured or constructed from publicly available data.
Many academic researches revealed that corporate governance has helped the organization to accelerate their performance. Other researchers believed that poor corporate governance practices have led to the collapse of so many organizations in Nigeria. It has also been observed that organizations under study are faced with problem of funding, unethical practices and lack of accountability and transparency in management of organization. Therefore, this study sought to examine the impact of corporate governance on

organizational performance in Nigeria. Specifically, the study examines the following;

1. the impact of accountability and transparency in the management of the organization.
2. the impact of corporate governance reform on organization performance.

The objectives were further hypothesized as follows;
Ho_1: Accountability and transparency has no significant impact in the management
of the organization.
Ho_2: Corporate governance reforms have no significant impact on organizational
performance.

Significance of the Study
This study would give the researcher opportunity to make in-depth observation on what few researchers have studied and to see the relationship between theory and practices. Again the study will be important to orient business practitioners, researchers and Academicians on the short comings arising from poor corporate governance and how it affects the organizational performance as well as solution to it.

Scope of the Study
The research is performed with a limited scope in mind. The scope is limited to three Banks in Anambra state namely, Zenith Bank, Diamond Bank and Fidelity Bank. The population of the study is drawn from staff of two branches of the aforementioned banks.

Review of Related Literature
Conceptual Framework
As mentioned before, there is no doubt that corporate governance affects the performance of the organization. Corporate governance according to Roe (2004) is the relationship at the top of the firm, the board of directors, the senior managers, and the stockholders. In his opinion, institutions of corporate governance are those repeated mechanisms that allocate authority among the three and that affect, moderate and control the decisions made at the top of the firm. Etete (2010) sees corporate governance often used by corporate entities to describe the manner in which board of directors or their equivalents direct the affairs (structures of authority and collaboration deployed in allocating resources and coordinate or control activity) of the corporation and the laws and culture that guide them. He further stated that corporate governance is the system by which business corporations are directed and controlled .The corporate governance structure specifies the distribution of rights and responsibilities among different participants in the corporation, such as, the board, managers, shareholder and other stakeholders, and spell out the rules and procedures for making decisions on corporate affairs. By doing this, it also provides the structure through which the company objectives are set and the means of attaining those objectives and monitoring performance.

Corporate Governance and Organizational Performance
Corporate governance is the set of process, customs, policies laws and institutions affecting the way a corporation or company is directed, administered or controlled. It also includes the relationships among the many stakeholders involved and the goods for which the corporations are governed. The principal stakeholders are the shareholders, managements, and the board of directors. Other stakeholders include employees, customers, creditors, suppliers, regulators and the community at large. Corporate governance as an internal systems encompassing policies, processes, and people which serves the needs of shareholders and other stakeholders, by directing and controlling management activities with good business savvy, objectivity, accountability and integrity. A good corporate governance regime helps to:

- Assure that corporations use their capital efficiently.
- Helps to ensure the corporation take into account the interest of a wide range of constituencies
- Also the communities in which they operate, and that their boards are accountable to the company and to shareholders.
- It helps to maintain the confidence of investors.
- To ensure the accountability of certain individuals in an organization through mechanisms that try to reduce or eliminate the principal agent problem.

Organizational Performance
According to Jones and George (2003) organizational performance is a measure of how efficiently and how effectively managers use resources to satisfy customers and achieve organizational goals. Organizational performance increases indirectly proportion to increases in efficiently and effectiveness. Efficiency is a measure of how well or how productively resources are used to achieve a goal. Thus, effectiveness is a measure of the appropriateness of the goals that managers have selected for the organizations to pursue and of the degree to which the organization achieve those goals. Ezigbo (2010) expressed that performance is achievable only if there are effective process of continuous organizational performance is the ability of an organization to utilize its resources efficiently and to generate outputs that are consistent with its goal and objectives, relevant for its clients and stakeholders. Organizational performance comprises the real outputs or results of an organization as measured against its goals and objectives and intended outputs. Performance managements according to Ezigbo , is a process for establishing shared understanding about what is achieved, and an approach for managing and developing people in a way that increases the probability that it will be achieved in the short or longer times. Therefore, when organizations have satisfied the interests of all stakeholders, owners, managements, employees, customers, suppliers, and general public, then they can be measured as successful organizations.

Corporate Governance in Nigeria
This review would focus both on the Governance of the Government and Private organizations and institutions and would relate with both average indices in Africa in addition to international standards. Corporate governance is the set of processes, customs, policies, laws and institutions affecting the way a corporation is directed, administered or controlled. Corporate governance also includes the relationships among the many players involved (the stakeholders) and the goals for which the corporation is governed. The principal players are the shareholders, management and the board of directors. Other stakeholders

include employees, suppliers, customers, banks and other lenders, regulators, the environment and the community at large Corporate Governance is still very much lacking in Nigeria and this is attributable to the poor economic growth, endemic poverty and lack of peace especially in the Niger-Delta region in Nigeria. Without CG, there is seldom peace and without CG there can be no long term development. A recent survey published in the African Governance Report in 2005 (ECA, 2005) revealed that Nigeria scored generally lower that the Average indices in Africa in areas of Corruption control, institutional effectiveness, human rights and the rule of law and economic management .

The are many illustrations to show that lack of corporate governance have had negative impact on the economy and they include but not limited to 'Failed Banks' in the 1980's and 1990's, Failed government project economic e.g. Ajaokuta steel Project , Nigeria National Shipping Line, Nigeria Airways. In is obvious that the privatization and commercialization program of the Nigerian Government was a reaction to the failure of Corporate Government in State owned enterprises. The Federal Government sought to divest its equity shareholding in the public enterprises through privatization on the one hand and commercialization on the other. It sought to enable some of these enterprises to be operated on a profit –oriented basis (Neville & Naches, 2004).One important point that must be made before discussing the Governance issue in Nigeria is to reemphasize the need for good corporate governance. 'Good corporate governance should provide proper incentives for the board and management to pursue objectives that are in the interests of the company and its shareholders and should facilitate effective monitoring. The presence of an effective corporate governance system, within an individual company and across an economy as a whole, helps to provide a degree of confidence that is necessary for the proper functioning of a market economy. As a result, the cost of capital is lower and firms are encouraged to use resources more efficiently, thereby underpinning growth' (OECD 2004). Standards that Guide Corporate Governance in Nigeria Just as mentioned earlier the Cadbury report – Committee on the financial aspects of Corporate Governance and Sarbanes and Oxley Act 2002, below are the guiding standards in Nigeria. These are statutory standards enacted in legislation such Companies and Allied Matters Act (CAMA), governs all companies. The Central Bank of Nigeria Act (CBN Act); the Investment and Securities Act1 (ISA); the Banks and Other Financial Institutions Act (BOFIA); the Insurance Act (IA) and the National Insurance Commission Act

The Legal Framework Governing Companies in Nigeria

The CAMA is the basic Legislation that governs company law in Nigeria. There are three principal mediums for doing business in Nigeria. An individual can operate as a sole proprietor without formality. A partnership is also a means of doing business in Nigeria where two or more persons so desire. The third means of doing business is through a company registered under the CAMA. Section 21 of the CAMA provides for three types of companies: a company limited by shares, which has the liability of its members limited to an amount if any, that is unpaid on the shares; a company limited by guarantee – one having the liability of members limited to such amount as they respectively undertake to contribute to the assets of the company in the event of winding up, and an unlimited company – "one not having any limit on the liability of its members." A company limited by guarantee is suitable for a not for profit venture. An unlimited company is one that has no limit to the liability of its members. Any of the companies described above can either be a private or public company.

The Code of Best Practices on Corporate Governance in Nigeria

The Code of Corporate Governance in is the result of the work of the Committee on Corporate Governance of Public Companies in Nigeria, which finalized its report in April 2003. The Committee, which was made up of 17 members was inaugurated at the instance of the Nigerian Securities and Exchange Commission (SEC) and the Corporate Affairs Commission on 15 June 2000, "realizing the need to align with the International Best Practices"

The Committee was composed of members who were selected across all sectors of the Nigerian economy: professional organizations, organized private sector, and regulatory agencies. The terms of reference of the Committee were:

- To identify weaknesses in the current corporate governance practices in Nigeria with respect to public companies.
- To examine practices in other jurisdictions with a view to the adoption of international practices in corporate governance in Nigeria.
- To make recommendations on necessary changes to current practices.
- To examine any other issue relating to corporate governance in Nigeria.

In the course of its work, the Committee found that "the system of corporate governance in Nigeria is still in its development stage," noting that principles of corporate governance are not well appreciated in the country. The Committee's survey revealed that "only 40% of the public quoted companies had codes of corporate governance." It pointed out, however, that those without codes were willing to embrace one – emphasizing the "urgent need for the development of a code for Nigeria." The Code addresses three broad areas of corporate governance: the board of directors, the shareholders and the audit committee.

The issue, problems and challenges with Corporate Governance in Nigeria

The governance issues, problems and challenges can be broken down into seven distinct topics and evaluated: Board of Directors and committees. The commonest challenges with the board include poor information depth amongst the board members and the very powerful Chairman / CEOs. Board meetings have typically consisted of routine rituals through which members are led by a chair/CEO that is equipped with information, inside knowledge, and staff support so that they can and generally do control the agenda absolutely. So while boards have the legal authority, it is the CEOs who have the effective power. Combining the offices of board chair and CEO in one person virtually guarantees that the board will be ineffectual. A board can only be as independent and effective as its chair wants it to be and is capable of making

it. An independent chair must be able to look his or her CEO in the eye and say ‘this is my board and I do not agree with you and your management on this issue’

- **Legal and regulatory**

The commonest issues include ambiguous laws with poorly defined boundaries. The regulators are inconsistent with application of policies to all businesses and high level of corruption amongst the regulators thus lead to generation poor strategic value. Also the non-sanctions of those that violate stipulations in CAMA are a very problematic challenge. Corporate Affairs Commissions (CAC) must be structured such that the provisions of CAMA are enforced Business practices and ethics. The minimum expectation is that ‘The company’s code of conduct, in combination with policies and procedures sets clear expectations and guidelines for acceptable and unacceptable behaviour’ everyone from the CEO on down must be held accountable. This is far from the case in both Government and Privately owned organisations in Nigeria. Many CEO’s in the banks have been involved with money laundering and other financial and economic crimes that were not disclosed to their banks. Between 2005 & 6 , banks including Fountain and Bond banks were involved with financial crimes / fraud that involved the bank employees and Mr. Tara Blowgun, and the Inspector General of Police.

- **Disclosure and Transparency**

This area of CG covers the nature and timing of information that a company provides to its stakeholders (Julien and Rieger 2003). In Nigeria, non – disclosure and non-transparency led to the collapse of failed banks such as Savannah Bank and Peak Merchant Bank in Feb 15 2002 and Feb 28 2003 respectively. The issue of disclosure is not limited to the privately owned companies. A classic example of non-disclosure and non- Transparency also exists in the management of Urban Housing Cooperative (UHC) registered in Lagos State (Reg No: LSCS 1360 dated 16 March 1994). For over 12 years, the Cooperative has had only one president that directs / chairs the management of UHC without regular elections for new management teams. (The president of UHC is still a serving military officer to date). Financial reports are either ‘created’ or not supplied at all and what is most worrisome is the tax avoidance and evasions being benefited by some few persons thereby exploiting an defrauding the Lagos state government of its statutory revenue. Also the bye-laws for UHC are not consistent with cooperative laws of Lagos State. UHC is probably the only cooperative in the world where ‘one man one vote’ does not exist in the Governance. Members have instituted at three suits to bordering on the governance of UHC (Suit Nos: M/86/2006 Lagos High court, LD/807/06 Lagos High Court and Suit no ID /642/2006 Lagos high court).

- **Enterprise – wide risk management**

Risk management is an area of governance in which both boards and management see opportunities for significant improvement. The main challenge is that many directors in Nigeria still sit on boards that they had no effective processes for monitoring risks.

- **Monitoring**

At the basic level all monitoring and auditing activities compare ‘what is’ and ‘what should be’. Monitoring identifies the gap between actual and expected and leads to efforts to close the gap. The endemicity of corruption amongst government officials in Nigeria has had negative impact on effective monitoring. One of the most corrupt agencies is Customs Service and the Nigeria police. Noteworthy however is the National Agency for Food and Drug Administration and control (NAFDAC).

- **Communication**

This is an essential element for any corporate governance system to work effectively and consistently. Some attribute of good communication include prescribed policies and style guidelines ensuring proper use of company trademarks and brands. Proper communication is commoner in the multinational and other privately owned company compared to the government organisation.

Corporate governance in Nigeria is still at an infancy stage though showing improvement in the number of organisations setting standards. Enforcement is still a major challenge but the Economic and Financial Crime Commissions have been able to bring in to play the necessary check to both Government and privately owned organisations. Nigeria in addition to 27 countries have subscribed to African Peer Review Mechanism on quality governance assessments. Like some other countries in Africa, Nigeria definitely recognizes the importance of Corporate Governance and the need do much more to promote the private sector. Ten areas of Priority areas for building capable and accountable states in Africa (ECA, 2005)

- Strengthening the capacity of parliaments to perform their core functions
- Deepening legal and judicial reforms
- Improving public sector management
- Improving the delivery of public services
- Removing bottlenecks to private enterprise
- Tapping the potential of information and communication technologies
- Fostering credible and reasonable media
- Maximizing the contribution of traditional modes of governance
- Confronting the governance dimension of HIV / AIDS
- Gathering patterns to live up to their commitments

Challenges Facing Effective Corporate Governance in Nigeria

The challenges of corporate governance in Nigeria are quite enormous especially considering the development in the public and private owned companies. With particular attention on the study area, it is obvious that the government owned companies even before and privatization, the companies is very weak with poor corporate governance and this affected customers confidence in their operations, unlike their private owned companies. This development posed serious challenges which the regulatory agencies acknowledge in its code of corporate governance. These challenges include:

- Technical incompetence of board and management.
- Boardroom squabbles among directors.
- Malpractices and sharp practices
- Insider abuses
- Rendering false returns and concealment of

information from management.
- In effectiveness of board/statutory committees.
- Inadequate operational and financial controls etc.

The NSE, BPE and code of corporate governance, seek to address these major challenges and develop a sound board and management system on corporate bodies. But the codes may be unable to accomplish this if the underlying legal institutional and regulatory frameworks for corporate governance in Nigeria are weak, inefficient and inadequate.

Theoretical Framework
Agency theory
The agency theory stems from the existence of agency relationships in corporate environments where there exists a fiduciary relationship between two individuals described as the principal and agent. The Institute of Chartered Accountants of England and Wales (2005), explains that an agency relationship arises when one or more principals (e.g. an owner) engage another person as their agent (or steward) to perform a service on their behalf. Drawing from the above assertions, it is expedient that a principal engages in a contract with an agent based on trust and interest in achievement of overall organisational goals and objectives.
This suggests that though the principal may have personal goals, loyalty and dedication lies in the ability to place corporate goals ahead of personal goals. In corporate governance debates, the agency theory appears to be the foremost and the most emphasized because it borders on the cost of agency. Agency costs include monitoring expenditures by the principal such as auditing, budgeting, control and compensation systems, bonding expenditures by the agent and residual loss due to divergence of interests between the principal and the agent (Kyereboah Coleman, 2007).
The agent has largely been described as an opportunistic individual whose desire is for personal agrandizement whereas both principal and agent weigh the costs and benefits of engaging in a contractual relationship. The unscrupulous behaviour of the agent in a bid to optimize benefit and minimize cost results in agency cost which Bricker & Chandar (1998) terms as a reduction in company value. Therefore, individuals have an interest in minimizing agency costs because if one or the other party expects that the burden of costs compared with the benefits resulting from contracting will be too important for her, she does not contract (Padilla, 2002).
In the deliberations on agency theory, relationships and cost, a scholarly literature that is most prevalent is Theory of the Company, Agency Costs and Ownership Structure -Jensen and Meckling (1976) because it presents a theoretical framework for other researchers to build up the theory. Jensen and Meckling (1976) focus almost exclusively on the normative aspects of agency relationships: that is how to structure the contractual relation including compensation incentives between the principal and agent to provide appropriate incentives for the agent to make choices which will maximize the principal's welfare given that uncertainty and imperfect monitoring exists. In addition to the key issues towards addressing opportunistic behaviour from managers within the agency theory which are the composition of the board of directors and CEO duality as posited by Kyereboah Coleman (2007), this study suggest two others which is the independence of the audit committee and ownership concentration.
An assessment of literature has resulted in the observation that there are certain assumptions of the theory of agency. Jensen & Meckling (1976) opine that typical of the assumptions of agency theory is uncertainty and imperfect monitoring. Uncertainty is usually experienced by the principal in terms of not been able to ascertain the return on investment or the maximization of shareholders wealth. The principal is expected undergo a constrain of not been be able to perfectly monitor the activities of the agent. It is believed that there is also a distorted flow of communication between the principal and agent resulting in information assymetry. Also, both parties (principal and agent) are utility maximisers which mostly results in divergence of interest.
Agency theory has been criticized to exhibit a dyadic relationship overlooking diversities between the relevant actors and their interdependencies (Nanka-Bruce, 2009). The peculiarities of these relevant actors as well as likelihood of a symbiotic relationship needs to be taken into consideration. Agents are often viewed as opportunistic and self-centered but there are scenarios where agents are able to act as true captains based on the motivation and rewards they receive. Donaldson & Davies (1991) also corroborates that identification by managers with the company, especially likely if they have served there with long tenure and have shaped its form and directions, promotes a merging of individual ego and the corporation, thus melding individual self-esteem with corporate prestige. There are also other parties that are likely to be affected by the expropriation activities of managers and directors asides the shareholders. The stakeholders including the employees, creditors, financial institutions, potential investors, the government and the public are also victims of this exploitation either directly or indirectly.

The Empirical Evidence
Early studies on governance and organisational performance, particularly prior to the start of this century, sought to establish the link between various individual governance elements and financial performance measured by various performance indicators with particular focus on the Anglo-Saxon economies, especially the U.S. Although there are almost an infinite number of governance elements, the most examined issues in the governance-performance literature appear to be board independence, separation of the roles of CEO and Chair and board size. Studies by Hermalin and Weisbach (1991), Klein (1998) and Bhagat and Black (2002) did not find any robust relationship between board independence and firm performance. Lawrence and Stapledon (1999) investigated the Top-100 Australian listed firms in 1995 and found no consistent association between independent directors and firm value. Westphal (2002) concluded "after nearly two decades of academic research in multiple disciplines (finance, accounting and management) on the consequence of board composition, there is little evidence that board independence enhances the board effectiveness".
Another board structure measure that is highly recommended by the codes of best practice is the

separation of the roles of CEO and Chair. However, past studies did not find robust evidence to suggest that having such a measure enhances firm performance (Baliga, Moyer & Rao 1996; Brickly, Coles & Jarrell 1997; Dalton et al. 1998; Kiel & Nicholson 2003). The general consensus in terms of board size appears to be that a smaller board is desirable (ASX 2003). In theory however, both larger and smaller boards can be justified. For example, larger boards have a better ability to establish external links with the environment, secure more critical resources and bring more highly-qualified directors with an abundance of knowledge and experience vital for the firm's overall strategy formulation (Pfeffer & Salancik 1978; Dalton et al. 1999). On the other hand, larger boards limit their directors' ability to satisfy its main functions, making coordination, communication and decision-making processes more cumbersome than they are for smaller boards.

The literature has found no conclusive evidence of a link between board size and performance. For example, Yarmack (1996) found that smaller boards are related to a higher firm value, while Kiel and Nicholson (2003) found a positive association between board size and market-based performance (i.e. Tobin's Q). However, Holthausen and Larcker (1993) and Dalton et al. (1999) found no association between board size and firm performance suggesting that board size on its own does not explain the firm performance.

The literature also provides mixed evidence in relation to the association between non-board-related governance variables and firm performance. Managerial ownership and CEO remuneration are two non-board-related variables often examined in the literature. Empirical evidence on their potential impact on firm performance appears similar to those of board-structured governance variables and organisational performance that is, inconclusive. The literature provides evidence that the relationship between managerial ownership and firm performance is non-linear (Morck, Shleifer & Vishny 1988; Welch 2003; Li et al. 2007). With respect to the link between CEO remuneration and firm performance, most of these studies concluded that these variables are not related. One possible argument for this lack of relationship is that a firm's corporate governance is a composite function of many governance factors. Therefore, assessing the extent of the firm's corporate governance requires taking into account all of the variables that make up the firm's overall corporate governance system. Since the start of this century, researchers have started using a number of governance attributes in combination (e.g. broad-based index) to proxy the firm's governance (Love, 2012). Theoretically, the broad-based index approach can be considered superior as it better represents the firm's overall corporate governance. Love (2012) argues that the aggregate approach of measuring governance is useful as it focuses on the concept of corporate governance and abstracts from individual governance components that are so numerous that they make such research difficult. This means that a broad-based index, which reflects the firm's overall corporate governance quality, is able to serve as a better proxy for the quality of corporate governance. Black (2001) is one of the earliest studies to examine the governance-performance relationship using an index as a governance proxy. His examination of 21 Russian firms revealed a strong correlation between the firm's corporate governance ranking (index)5 and firm value. However, he described the result as only tentative, given the small sample size.

Gompers, Ishii and Metrick (2003) investigated 1,500 large U.S. Firms from 1990 through 1998 and reported on compelling evidence of association between governance and performance. In particular, they demonstrated that an investment strategy that bought firms in the lowest deciles (i.e. good governance) and sold in the highest deciles (i.e. Poor governance) on the index would have earned an abnormal return of 8.5% per year during the sample period. Although the findings caused a sensation in academic circles at the time, subsequent analysis questioned their robustness. For example, Yen (2005) found that a reported abnormally high return for well-governed firms in Gompers, Ishii and Metrick (2003) was driven by outliers and by the inclusion of penny stocks. Ferreira and Laux (2007) provided evidence that the higher risk inherent in well-governed firms provides a better explanation for the abnormal return observed.

James and Cotter (2007) noted that Australian annual report disclosures about corporate governance practices are not useful to assess default risk. In a complete contrast to general belief, Gold (2006) reported that the portfolio of poorly governed firms significantly outperformed the broad equity market throughout the study period. Furthermore, the poorly governed firms also exhibited operational and financial efficiency superior to the market (Gold 2006). Hiroyuki and Pascal (2007) report similar results in the Japanese context. They found that well-governed Japanese firms performed poorly compared to their poorly governed counterparts between 2000 and 2005.

The review of literature seems to suggest that the quality of a firm's corporate governance, as defined by governance regulations and codes, has little bearing (if any) on its performance in Australia, and for that matter, around the world. This certainly appears to be the case especially in large-cap companies. What is not clear from the literature review, however, is the relationship between governance and performance outside the large-cap companies, particularly Australian mid-cap companies (i.e. the 250-400 largest listed companies). Furthermore, as stated in the motivation section, all of the studies reviewed have used level data, which is probably not the most appropriate approach to measure the effect of the changes in one variable/s on the other.

Methodology

This section essentially describes the principles underlying the execution of this research. It contains the necessary research tool that will enable the outcome of the results to be more reliable. The design used for this study is a descriptive survey. This design is used to collect information from the respondents regarding the subject matter of the study. The design is considered appropriate in this work because the work deals on corporate governance and organizational performance. However, the area of the study comprise of six (6) banks of which two (2) branches of Zenith Bank, Diamond Bank and Fidelity Bank in Anambra State are drawn. The population of this study consists of all the top management staff of selected bank

branch in Anambra State drawn from all the Department of Banks. The total population is thirty (30) staff. The entire population was used for this study hence using a sample from it becomes unnecessary. Based on these facts, the population therefore remains the sample.

Table 1: List of Firms and the Staff Strength

S/N	Companies	No. of Staff
1.	Fidelity Bank PLC, Nkpor I	05
2.	Fidelity Bank PLC, Aroma Exp. Rd. Awka	05
3.	Zenith Bank PLC, Nkpor	06
4.	Zenith Bank PLC, Zik's Avenue, Awka	05
5.	Diamond Bank PLC, Nkpor	04
6.	Diamond Bank PLC, Zik's Avenue, Awka	05
	Total	**30**

Source: Field Survey, 2015

Furthermore, data was gathered through primary sources (structured questionnaire). The following criterion shall be used to administer the instruments used by the researcher in the research work. 30 copies of questionnaire will be given to top management staff of the banks under study. The method of data analysis is one-sample t-test inferential statistics.

Data Presentation and Analysis

In section three, research instrument was developed and used in data collection. In this section, data were collated, presented and analyzed so as to proffer answers to research questions. The response from the bank staff of the branches understudy in Anambra State were effectively collected and analyze to address the problem of concern.

Presentation of Data and Test of Hypotheses

After the administration and collection of instrument, the thirty (30) copies of questionnaire were sampled. Out of these numbers, twenty nine (29) of them were properly filled and returned. Below is the presentation of data in frequency table.

Test of Hypotheses

Ho_1: Accountability and transparency has no significant impact on the management of the organization.

One-Sample Statistics

	N	Mean	Std. Deviation	Std. Error Mean
How is the impact of accountability and transparency on management of the organizations?	29	2.16	1.015	.233

One-Sample Test

	Test Value = 1					
	T	Df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
How is the impact of accountability and transparency on management of the organizations?	4.975	28	.000	1.158	.67	1.65

Source: field survey, 2015

The t-test (one-sample test) with the t-value of 4.975 and a Sig. (2-tailed) of .000 indicate stronger differences between the Mean. Since the test value significance is less than .05, we conclude that there is statistically significant difference. In this case, we reject the null hypothesis and conclude that accountability and transparency has significant impact on management of the organization.

Ho_2: Corporate governance reforms have no significant impact on organizational performance.

One-Sample Statistics

	N	Mean	Std. Deviation	Std. Error Mean
How significant is the impact of corporate governance reform on organizational performance?	29	4.16	.765	.175

One-Sample Test

	Test Value = 1					
	T	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
How significant is the impact of corporate governance reform on organizational performance?	18.000	28	.000	3.158	2.79	3.53

Source: field survey, 2015

The t-test (one-sample test) with the t-value of 18.000 and a Sig. (2-tailed) of .000 indicate stronger differences between the Mean. Since the test value significance is less than .05, we conclude that there is statistically significant difference.

In this case, we reject the null hypothesis and conclude that corporate governance reforms have significant impact on organizational performance.

Discussion of Results

On another hand, the model shows that the test hypothesis is significant because t-test hypothesis indicate a strong significant value of .000 with t-test value of 4.975. The result shows that accountability and transparency has significant impact on management of the organization. This collaborates with many scholarly researches which revealed that an organization that is not accountable and transparent in all her dealings is bound to fail. For example, in Nigeria, non -disclosure and non-transparency led to the collapse of failed banks such as Savannah Bank and Peak Merchant Bank in Feb 15 2002 and Feb 28 2003 respectively (Julien and Rieger, 2003).

In a similar vein, the t-test (one-sample test) with the t-value of 18.000 and a Sig. (2-tailed) of .000 indicate stronger differences between the Mean. Since the test value significance is less than .05, we conclude that there is statistically significant difference. This shows that corporate governance reforms have significant impact on organizational performance. This align with Ezigbo (2010) expression that corporate governance is achievable only if there are effective process of continuous organizational performance, that is the ability of an organization to utilize its resources efficiently and to generate outputs that are consistent with its goal and objectives, relevant for its clients and stakeholders.

Conclusion and Recommendations

Corporate governance is pertinent and contemporary issue because of the prominence of corporate scandals mostly arising from creative accounting and other financial misappropriations. Companies listed in the Nigerian Stock Exchange are guided by the Securities and Exchange Commission Code of Corporate Governance developed in October 2003. The corporate governance mechanisms complied with by companies is specified in this code of best practices. In order to curb agency cost which could be monetary and non-monetary and increase firm performance, corporate governance indices are identified. The effect of these corporate governance mechanisms on accounting based measures of firm performance is observed. The concentration of director ownership is quite low at a very low average and has an inverse relationship with the performance measures. The average board size is found to be increasing which is in concordance with the Securities and Exchange Commission Code of Corporate Code of Corporate governance.

In attaining deeper insight into the impact of corporate governance on firm performance and also into the research findings, the study makes some propositions to that effect. Importantly, industry specific effects should be taken into consideration before formulating codes of corporate governance that determine the characteristics of the audit committee or the board structure. The Securities and Exchange Commission should take into cognizance this condition in formulating a code of corporate governance. In addition, the Corporate Governance Committee of companies should endeavour to do a regular appraisal of their corporate governance compliance status as it affects performance. This is because the study is able to identify that corporate governance has an impact on firm performance.

Conclusively, diminishing profits should be investigated because it is apparent that there are scenarios were profits keep reducing till they eventually turn to losses. The performance indicators used in the study, measure below 10% on the average which indicates poor performance and increasing agency costs.

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