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RESEARCH ARTICLE

Effect of Corporate Governance on Financial Performance of Deposit Money Bank in Abuja

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Abstract

The study evaluated the effect of corporate governance on financial performance of deposit money bank in Abuja. The specific objectives were to: examine the effect of risk management skills on the revenue generation and ascertain the effect of leadership skills on the reduced expenses of deposit money banks in Abuja. The study employed the descriptive survey design. The total population was two hundred and eighty-six (286). The whole population was used due to small number. Two hundred and forty-seven (247) staff returned the questionnaire and accurately filled. Data was presented and analyzed by mean score and standard deviation. The hypotheses were analyzed using Z - test. The findings indicated that Risk management skills has significance effect on the revenue generation Z (95, n = 247) = 6.570 < 8.224, p < 0.05. Leadership skills had significance positive effect on the reduced expenses of Deposit money banks in Abuja, Z (95, n = 247) = 4.836 < 6.379, p < 0.05. The study concluded that risk management and Leadership had significance positive effect on the reduced expenses of Deposit money banks in Abuja. The study recommended among others the management of Deposit Money Banks should try and have the process of identifying, analyzing, and responding to risk factors that may hinder organizational goals or objectives.

Keywords	*Corporate Governance; Financial Performance; Deposit Money Banks in Abuja*
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Introduction

Financial organizations are similar to other businesses in terms of their purpose of establishment, but confidence in management and complex risk structures are more important in financial organizations than in other businesses. Governance remains the cornerstone of any organisation and financial institutions are no exception. Corporate governance determines proper monitoring and controlling functioning of organizational processes. Corporate governance is a central issue in business and economics. However, governance in financial institutions is more complicated than in other fields because of the nature of financial services and instruments (Guler, 2018). The concept of corporate governance is framed within business ethics. Corporate Governance deals with determining ways to take effective strategic decisions. It gives ultimate authority and complete responsibility to the Board of Directors. In today's market- oriented economy, the need for corporate governance arises. Also, efficiency as well as globalization are significant factors urging corporate governance (Suratha & Mishra, 2020). Corporate Governance deals with the manner the providers of finance guarantee themselves of getting a fair return on their investment. Corporate Governance clearly distinguishes between the owners and the managers. To be relevant, it is essential that corporate governance rules and regulations are adapted to the reality in which they will be implemented.

Corporate governance affects highly company performance in the medium to long term runs but in the short-term performance does not necessarily depend on governance. Jerab (2011) opined that internal corporate governance mechanism represented by Ownership Structure, Board of Directors, Management Remuneration, Internal Control & Audit and Transparency & Disclosure have a great effect on corporate performance. The ultimate purpose of the good governance of the company is to add value to it, and to ensure that those who contribute directly or indirectly to its generation can participate in the increase in value. For this reason, good practices establish conditions to protect and equitably reward shareholders for the capital contributed; to reward workers for their work and intellectual contribution; to offer customers higher quality products and services and better prices; to adequately remunerate suppliers for the delivery of products or the provision of services and to offer them guarantees or the confidence that they will be paid in a timely manner; to offer creditors that the resources they have lent to the company will be restored and that they will be well compensated; it also includes responsibility towards society in general, thus including compliance with tax obligations (Castrillon, 2021).

Managing finance involves formulating and adhering to a consistent performance strategy in order to boost overall business effectiveness. Corporate governance deals with laws, procedures, practices and implicit rules that determine a company's ability to make managerial decisions vis-a-vis its claimants-in particular its shareholders, creditors, state and employees (Ohuabunwa, 2014). Corporate governance involves the balance of power with which the organization is directed, managed, supervised and held accountable. It facilitates and stimulates the performance of corporations-the principal generators of economic wealth and growth in society by creating and maintaining a business environment that motivates managers and entrepreneurs to maximize firms' operational efficiency, returns on investment and long-term productivity growth. When done correctly, it establishes a framework for attaining a company's objectives in all spheres of management. It also recognizes the importance of shareholders (Lutkevich & Lewis, 2023). Banks are special, and so is the corporate governance of banks and other financial institutions. The special governance of banks and other financial institutions is firmly embedded in bank supervisory law and regulation. For banks, stakeholder governance and, more particularly, creditor or debtholder governance is more important than shareholder governance. In response to the growing awareness of the importance for corporate survival, the international business communities have continued to support the development of guidelines and codes capable of promoting good corporate governance practices in business institutions. It is to this end that the present study aimed to evaluate the effect of corporate governance on financial performance of deposit money bank in Abuja.

Statement of the Problem

Corporate governance is critical for the proper functioning of an organization. Corporate governance is based on a set of rules, bylaws, policies and procedures to ensure company accountability. It is one of the cornerstones of any good business. Corporate governance emerged in other to bridge the gap that exists in organization, especial in deposit money banks as a result of the negative practices that could harm the organization.

Corporate governance in the banking sector involves the interest of the government, depositors, shareholders and the public. The upsetting rate of corporate failures witnessed globally has been a source of worry to many organizations including academic, stakeholders, shareholders, captain of industries, investors and indeed the general public. Corporate governance in the banking industry is of particular interest because of the catalytic roles of banks in any economy. However, corporate governance in banks is often constrained in the presence of unplanned risk management and poor leadership skills. The level of success which a bank may claim with justification is directly related to the effectiveness of the board in corporate governance.

The absence of good Corporate Governance is a major cause of failure of many well performing companies. The need for corporate governance arises because of the separation of management and ownership in the modern corporation, this separation of ownership from control implies a loss of effective control by shareholders over managerial decisions. Therefore, the challenges of corporate governance need to be tackled as neglect to it could lead to poor revenue generation and unreduced expenses of many organisations. The study aimed to evaluate the effect of corporate governance on financial performance of deposit money bank in Abuja.

Objective of the Study

The main objective of the study was to evaluate the effect of corporate governance on financial performance of deposit money bank in Abuja. The specific objectives were to:

i. Examine the effect of risk management on the revenue generation of deposit money banks in Abuja
ii. Ascertain the effect of leadership on the reduced expenses of deposit money banks in Abuja

Research Questions

The following research questions guided the study

i. What is the effect of risk management on the revenue generation of deposit money bank in Abuja
ii. What is the effect of leadership on the reduced expenses of deposit money banks in Abuja

Statement of hypotheses

The following hypotheses guided the study

i. Risk management has significance effect on the revenue generation of deposit money banks in Abuja
ii. Leadership has significance effect on the reduced expenses of Deposit money banks in Abuja

Significance of the study

Corporate is a way in which organization devise strategies on how to achieve its goals and objectives. Hence, the knowledge of this study will help orgaisations most especially the banking sector to design its principle in such a way that it will enhance the performance of the employees. The study will also help managers to understand the different types of corporate governance and as such adopt the best corporate governance method in their organisation. Also, the literature will help future researchers to add to the knowledge of their future studies.

Scope of the study

The study was on the effect of corporate governance on financial performance of deposit money bank in Abuja. The key objectives of the study were risk management and leadership as the components of corporate governance and revenue generation and reduced expenses were the components of financial performance. The geographical scope of the study was Abuja, Nigeria. The time scope of the study was 2021-2023.

Review of Related Literature

Conceptual Review

Corporate

Corporate refers to large organisations, businesses and entities. The word "corporation" derives from corpus, the Latin word for body, or a "body of people". A corporation is an organization—usually a group of people or a company—authorized by the state to act as a single entity (a legal entity recognized by private and public law "born out of statute"; a legal person in legal context) and recognized as such in law for certain purposes (Hirst, 2018). Having a clearly defined corporate structure ensures that employees know who they report to and who they depend on to complete their work. It also helps them to understand who is responsible for making final business decisions. *Corporate purpose is the* **higher purpose** *of any business that goes beyond the sole profit orientation. The purpose is to define and deliver a* **long-term value-creating** *promise, either in the company's local environment or in the global market environment that is directly related to the company's value creation (***Fink, 2019).**

Governance

Governance is the method which norms, actions, policies and principles are structured, sustained, organized and regulated within an organisation. *Governance encompasses the system by which an organisation is controlled and operates, and the mechanisms by which it, and its people, are held to account. Ethics, risk management, compliance and administration are all elements of governance (*Governance, 2023). Governance also represents the norms, values and rules of the game through which public affairs are managed in a manner that is transparent, participatory, inclusive and responsive. Governance therefore can be subtle and may not be easily observable (UNESCO, 2023). *Governance* also can be used to describe any pattern of rule that arises either when the state is dependent upon others or when the state plays little or no role.

Corporate Governance

The word governance is a broad and general. The particular application of governance is called corporate governance (CG) and it has subsets like organizational, political and economic governance. CG is a division of governance which is related to governance within an organizational structure (Arslan & Alqata, 2020). Corporate governance in financial institutions is the set of standards and principals used to create a system of checks and balances over the management of banks and financial intermediaries. It establishes the way financial institutions are directed and controlled, ordinarily through standards set for the conduct of the board of directors and senior management (Brahimi, et al, 2013).

Components of Corporate Governance that Formed Part of the Objectives of the Study

Risk Management Skills

Risk management is the process of identifying, assessing and controlling threats to an organization's capital and earnings (Tucci, 2023). Risks often emerge from different activity ranging from project failure threats, uncertainty in international and local markets, legal liabilities, credit risk, accidents, natural causes and disasters, deliberate attack from an adversary, or events of uncertain or unpredictable root-cause. These risks stem from a variety of sources, including financial uncertainties, legal liabilities, technology issues, strategic management errors, accidents and natural disasters. Intone (2023) opined that Risk management in banking refers to identifying, assessing, and mitigating risks that banks face in their day-to-day operations. It is a comprehensive approach involving various risk management tools, techniques, and methodologies to manage risks effectively.

Leadership Skills

Leadership is the ability of an individual’s to be in charge of other individuals, hence is the ability to dictate the activities of others. Leadership is a process by which an executive can direct, guide and influence the behavior and work of others towards accomplishment of specific goals in a given situation. It is the ability of a manager to induce the subordinates to work with confidence and zeal. According to Keith Davis, “Leadership is the ability to persuade others to seek defined objectives enthusiastically. It is the human factor which binds a group together and motivates it towards goals” (Management study guide, 2023; Ekechukwu, Onu & Mbah, 2016). Visionary and courageous leadership will be essential to banks' success. Leadership is key for modern banks to keep ahead of the challenges of business transformation and change. (Lartey, et al., 2016).

Finance

In a personal context, personal finance is managing, saving, and investing one’s money. In a business setting, it handles acquiring funds for the business, managing existing funds, and planning how to spend funds in the future. Finally, for the public, finance refers to managing the government’s activities related to budgeting, spending, deficits, and taxation. Finance is a broad term that essentially refers to money management or channeling money for various purposes. It applies to people, businesses, governments, organizations, or other entities. Finance includes banking, debt, capital markets, investments, credit, assets and liabilities, financial systems, and the governance and study of money (Dheeraj, 2023).

Performance

Performance is the key to success any organization. Performance is an organization’s actual output or results as measured against its intended outputs (or goals and objectives) (iEduNote, 2022). Organizational performance is the ability of an organization to reach its goals and optimize results. In today’s workforce, organizational performance can be defined as a company’s ability to achieve goals in a state of constant change. Organisational performance can be measured in terms of economic performance (financial and market outcomes) and operational performance (observable indices). When an organization is in the design stage of a performance management system, it is essential for organizational leaders wishes to achieve. Organizational performance is the ability of an organization to reach its goals and optimize results. In today’s workforce, organizational performance can be defined as a company’s ability to achieve goals in a state of constant change (Miles, 2022; Eze, Edeoga, & Mbah, 2023).

Financial Performance

Financial performance identifies how well a company generates revenues and manages its assets, liabilities, and the financial interests of its stakeholders and stockholders. Verma (2023) defined financial Performance in broader sense as the degree to which financial objectives being or has been accomplished and is an important aspect of finance risk management. It is the process of measuring the results of a firm's policies and operations in monetary terms. It is used to measure firm's overall financial health over a given period of time and can also be used to compare similar firms across the same industry or to compare industries or sectors in aggregation. It is is a complete evaluation of a company’s overall standing in categories such as assets, liabilities, equity, expenses, revenue, and overall profitability. It is measured through various business-related formulas that allow users to calculate exact details regarding a company’s potential effectiveness (CFI, 2023).

Components of Financial Performance that Formed Part of the Objective of the Study

Revenue generation

Revenue generation is the overarching process whereby businesses find ways to drive income and increase profitability. Revenue is essential for almost every type of business. Companies generally must generate revenue to justify the fixed and variable expenses they pay to operate. Operating revenue is generated from a company's core business operations, and is typically the area where a company earns most of its income (Chopra, 2022). Revenue generation refers to all the activities a business undertakes to generate revenue — these activities include but are not limited to sales and marketing. It also includes operating plans, strategies, and practices that are designed for increasing revenue. This means every part of an organization can contribute to the revenue generation process (Nguyen, 2021).

Reduced Expenses

Reduced expenses also known as cost reduction is the process of decreasing a company's expenses to maximize profits. It involves identifying and removing expenditures that do not provide added value to customers while also optimizing processes to improve efficiency. Cost reduction typically focuses on generating short-term savings (Gartner, 2023). By reducing expenses, a company can increase its profits and reinvest those funds into other business areas or use them to lower prices and become more competitive. Operating expenses can greatly impact the profitability of a business and how much cash it has. They are the costs a company incurs that are not related to the production of a product (Egbide, et al., 2019).

Conceptual Framework

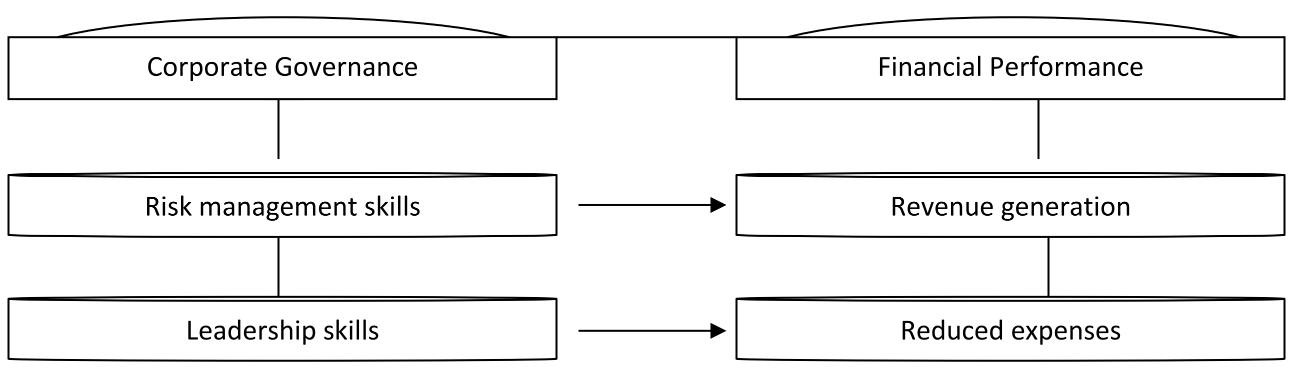

Fig 1: Conceptual Framework of the Study
Source: Researcher, 2023

Theoretical Framework

The following theories guided the study

- **i.** Agency Theory was propounded by Stephen Ross and Barry Mitnick in 1973.
- **ii.** Stakeholder Theory was propounded by R. Edward Freeman in 1984,

The study was anchored on Agency theory. The theory posits that Agency theory posits that corporations act as agents of its shareholders. That is, shareholders invest in corporate ownership and thereby entrust their resources to the management of the directors and officers of the corporation.

Agency Theory

Agency Theory was propounded by Stephen Ross and Barry Mitnick in 1973. Agency theory suggests that employees or managers in organizations can be self-interested. The agency theory shareholders expect the agents to act and make decisions in the principal's interest. On the contrary, the agent may not necessarily make decisions in the best interests of the principals (Padilla, 2000). The agents are controlled by principal-made rules, with the aim of maximizing shareholders value. Hence, a more individualistic view is applied in this theory (Clarke, 2004).

Indeed, agency theory can be employed to explore the relationship between the ownership and management structure. However, where there is a separation, the agency model can be applied to align the goals of the management with that of the owners. The model of an employee portrayed in the agency theory is more of a self-interested, individualistic and are bounded rationality where rewards and punishments seem to take priority (Jensen & Meckling, 1976).

Stakeholder Theory

Stakeholder Theory was propounded by R. Edward Freeman in 1984, stakeholder theory was derived from a combination of the sociological and organizational disciplines. Stakeholder theory can be defined as any group or individual who can affect or is affected by the achievement of the organization's objectives. Stakeholder theorists suggest that managers in organizations have a network of relationships to serve – this includes the suppliers, employees and business partners. And it was argued that this group of networks is important other than owner-manager-employee relationship as in agency theory. On the other end, Sundaram & Inkpen (2004) contend that stakeholder theory attempts to address the group of stakeholders deserving and requiring management's attention. Whilst, the stakeholder theory focuses on relationships with many groups for individual benefits, resource dependency theory concentrates on the role of board directors in providing access to resources needed by the firm.

Empirical Review

Risk Management Skills on the Revenue Generation

A study by Alao & Alao (2013), titled "Strategic Control and Revenue Generation: A Critical Success Factor in Local Government Using the Balanced Scorecard." Focused on the context of Nigeria, the study investigates the impact of strategic control and balanced scorecard implementation on transforming workers' attitudes and enhancing overall organizational goals, particularly in the face of dwindling revenue due to weak controls and worker attitudes. Employing a descriptive approach and desk research methodology with secondary data sources, the study underscores the necessity of re-engineering the system through strategic controls and advocates for the adoption of the balanced scorecard as an appraisal system. The review assesses the methodology, findings, and implications, emphasizing the study's contribution to the discourse on effective local government revenue generation practices in Nigeria. It concludes by addressing limitations and suggesting avenues for future research in the field.

Egbide, et al. (2019) on cost reduction strategies and the growth of selected manufacturing companies in Nigeria. The problem of high manufacturing costs has led to the shutdown of many manufacturing companies in Nigeria. This study examines the relationship between cost reduction strategies and the growth of manufacturing companies in

Nigeria using data from annual reports of 40 manufacturing companies quoted on the Nigeria Stock Exchange within the period of 2012-2016. 40 manufacturing companies were sampled purposively for this study. The study took changes in material cost, changes in labour cost and changes in administrative overhead as variables for cost reduction strategies while changes in turnover as the variable for Growth. Correlation analysis was conducted to determine the association cost reduction strategies and growth while, regression analysis was used to determine the impact of cost reduction strategies on the growth of manufacturing companies. Results showed a positive significant relationship between cost reduction strategies and growth of manufacturing companies in Nigeria. The study recommends that manufacturing companies should implement value analysis in order to reduce material costs and the implementation of cost reduction strategies in all manufacturing companies in Nigeria.

Adegbite & Fasina (2019) conducted a study on taxation and Revenue Generation in Nigeria. This study examined the effects of taxation on revenue generation in Nigeria. It also analysed the direction of causality between taxation and revenue generation utilizing method of Johansen co-integration and the Granger causality tests using secondary data spanning the period 1970 to 2017. Results showed that PPT has positive significant effect on REV.VAT, CORPT and CUSEXC also had positive significant effect on REV. But CUSEXC has the lowest significant effect on REV both in the short run and in the long run. All the components of taxation showed bidirectional causality with government revenue in Nigeria because PPT, VAT, CORPT and CUSEXC, jointly, Granger-cause REV. It is concluded that taxation had positive significant impact on revenue generation of government both in the short run and in the long run. It is now recommended that the regulatory authorities charged with the responsibility and accountability of collecting tax should further be supported and empowered by government to impose compliance on taxpayers, and bring tax evasion and avoidance into tax net so as to generate more revenue for the government to implement its fiscal responsibilities.

Tudose, Rusu & Avasilcai (2022) conducted a study on Financial Performance – Determinants and Interdependencies between Measurement Indicators. The study has a dual purpose. First, to assess the impact of the most important determinants of financial performance, which have been measured through four generations of indicators. In addition, the study provides the first quantification of interdependencies between different financial performance measures: profit margin (PM), profit growth rate (PGR), return on assets (ROA), return on equity (ROE), and economic value added (EVA). The primary data was collected from the AMADEUS database. Empirical research was conducted on a relatively homogeneous sample from the automotive industry, using the panel data method for the period 2010–2019. Two models were tested. The first model highlights the relationships between performance measures and selected determinants. The second model highlights the relationship between the different performance measures and the determinants used in the first model. The determinants analysed have different influences on the selected performance measures. For example, in the first model, the results statistically significant indicated the following. The current ratio has a positive influence on ROA, but a negative one on ROE and EVA. Gearing has a negative influence on PM and ROA, but a positive one on EVA. The growth rate of sales has a positive influence on PM, but a negative one on ROA and EVA.

The study of Ezu (2023) on the Relevance of Corporate Governance in Nigerian Banking Industry. The objectives of the study include; examining the effect of corporate governance on the service delivery of banks; assessing the role of corporate governance on customer satisfaction and to determining the extent to which the adoption of corporate governance by banks has helped on the service delivery of banks. Three research questions were formulated, which were meant to guide the study and three hypotheses were equally formulated. The data were collected through primary source; the instrument used for this research work was questionnaire. The data generated through questionnaire were analyzed using tables and percentile method, while hypotheses were tested using correlation and T-test statistics. The result shows that corporate governance has a significant effect on the performance of banks. There is a relationship between the adoption of corporate governance and the service delivery of banks and that corporate governance plays a very vital role in ensuring customer satisfaction.

Leadership Skills on the Reduced Expenses

Chigudu, Prasad & Lim (2019) examined the Impact of Corporate Governance and Leadership on Organizational Success. There are several themes, especially a fixated reliance on the Board's structure/composition to evaluate effectiveness of corporate governance, controversial for a small/medium sized firm as the former approach is primarily designed with large corporations in mind. It was basically qualitative research underpinned by a case study of organization XXX was conducted in order to explore the impact of corporate governance and leadership on organizational success. Data was collected via semi-structured interviews, transcribed and analysed using the grounded theory (Straussian method), revealing XXX's pursuit of organizational success as an on-going crusade, with impediments to be addressed. A contextual look into corporate governance model for a small firm was undertaken. Corporate governance's strengths contributing to and limitations impeding organizational success were examined. Also, leadership strengths and limitations were also examined. The study revealed that, leadership effectiveness can be measured by the degree of relationships formed rather than styles/types, which vary by leaders' personalities. Leader-member exchange (LMX) provides the platform for relationships to be formed and strengthened by culture of values.

In their 2020 study, Nwatu & Idoko delve into the dynamics of reducing operating costs and enhancing profitability in manufacturing firms in South East, Nigeria. The research employs a survey approach, utilizing personal interviews and questionnaires administered to 328 staff members selected through a stratified sampling method. The study investigates the relationships between bank charges and firm growth, travelling expenses and the value per unit product, and selling costs and income. The findings demonstrate significant correlations in all three aspects, revealing that bank charges are linked to firm growth, travelling expenses impact the value per unit product, and selling costs influence the income of manufacturing firms in the South East region. The study's robust response rate of 94% adds reliability to the results, which are analyzed using Pearson correlation coefficients. This empirical review scrutinizes the methodology, outcomes, and implications of Nwatu & Idoko's research, shedding light on effective operating cost reduction strategies for manufacturing firms in the Nigerian context.

Adebisi, Fatimehin & Alabi (2020) examined the influence of cost efficiency on performance of Nigerian Listed Deposit Money banks. Cost efficiency is very important in this new age since profitability continue to shrink and new business is becoming almost impossible. Therefore, this study is to examine impact of cost efficiency on financial performance of Nigeria deposit money banks. The specific objectives of the study were to; (i) test the effects of efficiency in Fueling and maintenance costs on the performance of Nigerian deposit money banks; (ii) to examine the impact of efficiency in General Administrative expenses on the Performance of Nigerian deposit money banks. Secondary data were collected from annual financial statements of the selected banks. Fixed-effect and random-effect regression analysis method were used to analyze the data from a sample of 13 listed Nigerian deposit money banks covering period of 2010 to 2019. The results showed that cost efficiency have significant impact on financial performance of Nigerian deposit money banks.

In Usman's 2020 study, titled "Effect of Mobile Banking on Financial Performance of Deposit Money Banks in Maiduguri, Borno State: A Case of United Bank of Africa (UBA) PLC, Maiduguri Main Branch," the researcher explores the impact of mobile banking on the financial performance of deposit money banks, specifically focusing on U.B.A's Maiduguri main branch. Employing a survey research method, the study administered fifty questionnaires, with twenty-five responses subjected to tabular analysis using the Pearson product-moment correlation coefficient (PPMCC) to assess the strength and direction of the linear relationship between variables. Contrary to expectations, the major finding suggests that mobile banking does not exert a positive effect on the financial performance of deposit money banks in Maiduguri. The study concludes with the researcher proposing that an increased adoption of mobile banking might lead to a decrease in the financial performance of these banks. The primary recommendation urges deposit money banks in Maiduguri to prioritize investments in research and development (R&D) to explore alternative technological banking breakthroughs beyond mobile banking. This review critically examines the methodology, findings, and implications of Usman's study, offering insights into the complex relationship between mobile banking and financial performance in the context of Maiduguri, Borno State.

Kike-Ola, Maume, Agosu, & Eshemokhai (2023) investigated leadership style and performance of selected Deposit Money Banks in Nigeria. This study examined the effect of five leadership styles on organization performance of selected money deposit banks in Nigeria. The study adopted stratified and convenience sampling techniques to select one hundred and fifty (150) respondents in Akure metropolis, Nigeria using descriptive and logit regression techniques. The logit regression showed that adoption of transformational, transactional, charismatic and visionary leadership styles were likely to increase organization's performance by 36.3%, 36.4%, 42.0% and 32.9% respectively; while adoption of culture-based was not significance. It was concluded that money deposit banks should adopt a cluster of the various leadership style with transformational, transactional, charismatic and visionary to influenced organization's performance. The study recommended that people saddle with leadership position should jointly adopt leadership styles that give room for innovation, motivation, subordinates' input and targets setting.

Gap in Empirical Review

The study on corporate governance on financial performance of deposit money banks reviewed previous studies related to the study. The gaps identified by the study were in the areas of objective, methodology, method of analyses and current. It was observed that these studies not directly related to the present study as their objectives differs to that of the present study. These objectives were on cost reduction strategies and growth, taxation on revenue generation, corporate governance on organization success, impact of cost efficiency on financial performance and effect of leadership styles on organization performance etc. the method of analysis used in these studies were Correlation analysis, Johansen co-integration and the Granger causality tests, Grounded theory (Straussian method), Fixed-effect and random-effect regression analysis and Panel data method while the present study will be analysed using Z-test statistical tool. Nevertheless, these literatures were of great important in as they were mostly conducted in the banking industries and as such gave the researcher the ability to asses other factors in the banking industries and as well evaluating corporate governance on financial performance of deposit money bank.

Methodology

Research Design

The study employed descriptive survey design. The survey research is one in which a group of people or items is studied by collecting and analyzing data from only a few people or items considered to be representative of the entire group and descriptive survey design was used because it is economical.

Source of Data

Data are classified as either primary or secondary data. The classification was based on the two possible sources: primary source and secondary source.

Primary Source

The primary source was questionnaire. A primary data instrument is the one which the data is collected directly (usually first-hand) by the researcher.

Sources of Secondary Data

Secondary data source was the one which the data is obtained from published materials, internet websites, reports, dailies, text books and so on from the library of the institutions understudy. Sources of secondary can be split into two parts internal and external sources.

Area of Study

The area of the study was Abuja, Nigeria. The financial institutions understudy include: Access bank, First Bank, and Fidelity bank. These three (3) banks out of eight (8) that have international authorization were chosen as result of high number of staff and ethical standard. Each of these bank's corporate headquarters were used in Abuja.

Population of the Study

The total population for the study was two hundred and eighty six (286) as shown in table 3.1 for the population distribution of the relevant Deposit Money Banks understudy).

Table 1 Population of the Banks under Study

S/N	Names of the Banks	Senior Staff strength	Percent
1	Access bank,	115	12
2	First Bank,	97	17
3	Fidelity Bank	74	10
	Total	**286**	**100**

Source: Human Resources Department of the selected financial institutions in 2023

Sample Size Determination

The whole of the population were used due to small number.

Sampling Technique

The stratified random sampling with a random start was adopted so as to give every unit of the population under study equal opportunity of being selected into sample. The secondary data were collected from firms, journals, publication, textbooks and the internet. Fifteen questions (15) in the questionnaire were ranged.

Instrument for Data Collection

The main instrument for data collection was a structured questionnaire. Copies of the questionnaire were administered to the academic staff. Ten (10) designed questionnaire was used. The responses generated were used thereafter for data analyses.

Validity of the Instrument

The instrument was given to two experts from the industry and academia to measure face and content validity. To make sure that the research instruments applied in the work are valid, the research ensured that the instrument measure the concept they are supposed to measure.

Reliability of the Research Instrument

This was done by administering 20 copies of the prepared questionnaire to the sample of the study. Cronbah's Alpha was used in determining the extent of consistency of the reliability. A Cronbach's alpha value (∞) of greater 0.781 indicated very strong reliability.

Table 2: Case Processing Summary

		N	*%*
Cases	Valid	10	100.0
	Excluded	0	.0
	Total	10	100.0

a. Listwise deletion based on all variables in the procedure.

Table 3: Reliability Statistics

Cronbach's Alpha	*No. of Items*
.78	10

Scale reliabilities were calculated using Cronbach's Alpha; the result obtained was 0.781. This shows that the internal consistency of the scale is good for the purpose of this study because it is greater than 0.78 which was good.

Method of Data Analyses

Data from the questionnaire were analyzed with the aid of SPSS version 23 using simple, percentages and correlation co-efficient. Data from the questionnaire were further analyzed using simple percentages, mean and standard deviation. For the 5-point likert scale questions, the scale and decision rule stated below were used in analysing the findings.

Scale: Strongly Agree (SA) -5, Agree (A) - 4, Neutral(N) -3, Disagree (D) -2, Strongly Disagree (SD),1

Decision Rule: If Mean $\geq$ 3.0, the respondents agree and If mean $\leq$3.0, the respondents disagree. The decision rule is to accept the null hypothesis if the computed r is less than the tabulated r otherwise rejects the null hypothesis and Z - test was used to test the hypotheses and analyzed with the aid of SPSS.

Results

Distribution and Returned Questionnaire

The chapter presents and analyzes the data collected for the study. The presentation and interpretation of data were based on the questionnaire administrated to the staff of the Banks under study. Table 4.1 shows the Distribution and Return of the Questionnaire from the Banks.

Table 4: Distribution and Return of the Questionnaire

Firms	Distributed	No Returned	percent	No not Returned	Percent
1. Access bank	115	89	31	26	9
2. First Bank	97	90	31	7	3
3. Fidelity Bank	74	68	24	6	2
Total	**286**	**247**	**86**	**39**	**14**

Source: Field Survey, 2023

Two hundred and eighty-six (286) copies of the questionnaire were distributed to the respondents and two hundred and forty-seven (247) copies were returned representing eighty-six (86) percent, while thirty nine (39) copies of the questionnaire were not returned representing fourteen (14) percent. That showed a high rate of response.

Effect of risk management on the revenue generation of deposit money banks in Abuja

Table 5: Responses on the effect of risk management on the revenue generation of deposit money banks in Abuja

		5 SA	4 A	3 N	2 DA	1 SD	∑FX	- X	SD	DECISION
1	There is mitigating of revenue risk to avoid taking in lower revenue than planned	430 86 34.8	408 102 41.7	39 13 5.3	38 19 7.7	26 26 10.5	941 247 100%	3.83	1.278	Agree
2	Sufficient cash flow is planned to avoid reduced revenues that may cause business failure	495 99 40.1	368 92 37.2	39 13 5.3	18 9 3.6	34 34 13.8	954 247 100%	3.86	1.351	Agree
3	The identification of risk reduces expenses	410 82 33.2	332 83 33.6	69 23 9.3	40 20 8.1	39 39 15.8	890 247 100%	3.60	1.422	Agree
4	Treating the risk promotes operational efficiency	540 108 43.7	224 56 22.7	87 29 11.7	24 12 4.9	42 42 17.0	917 247 100%	3.71	1.485	Agree
5	The effective monitoring and report on the risk reduces hazards	565 113 45.7	220 55 22.3	93 31 12.6	20 10 4.0	38 38 15.4	936 247 100%	3.79	1.447	Agree
	Total Grand mean and standard deviation							**3.758**	**1.3966**	

Source: Field Survey, 2023

Table 5, 188 respondents out of 247 representing 76.5 percent agreed that there is mitigating of revenue risk to avoid taking in lower revenue than planned with mean score 3.83 and standard deviation of 1.278. Sufficient cash flow is planned to avoid reduced revenues that may cause business failure 191 respondents representing 77.3 percent agreed with mean score of 3.86 and standard deviation of 1.351. The identification of risk reduces expenses 165 respondents representing 66.8 percent agreed with mean score of 3.60 and standard deviation of 1.422. Treating the risk promotes operational efficiency 165 respondents representing 66.4 percent agreed with mean score of 3.71 and 1.485. The effective monitoring and report on the risk reduces hazards 168 respondents representing 68.0 percent agreed with a mean score of 3.79 and standard deviation 1.447.

Effect of leadership on the reduced expenses of deposit money banks in Abuja

Table 6: Responses on the effect of leadership on the reduced expenses of deposit money banks in Abuja

		5 SA	4 A	3 N	2 DA	1 SD	∑FX	- X	SD	DECISION
1	Open mindedness of a leader helps in great communication and cost reduction ideas	260 52 30.8	208 52 21.1	189 63 25.5	18 9 3.6	47 47 19.0	722 247 100%	3.41	1.442	Agree
2	Tough decision s and engaging in the difficult work of cost cutting promotes success	350 70 28.3	368 92 37.2	75 25 10.1	44 22 8.9	38 38 15.4	875 247 100%	3.54	1.387	Agree
3	The leaders sharing of vision minimizes costs in the organization	370 94 38.1	336 65 26.3	72 34 13.8	74 10 4.0	29 44 17.8	881 247 100%	3.63	1.467	Agree
4	Leading by examples by the leader reduce waste and increase income	495 99 40.1	248 62 25.1	117 39 15.8	16 8 3.2	39 39 15.8	915 247 100%	3.70	1.425	Agree
5	The leaders demonstration of integrity promotes honesty in the orgnaisation	230 46 18.6	248 62 25.1	237 79 32.0	26 13 5.3	47 47 19.0	788 247 100%	3.19	1.334	Agree
	Total Grand mean and standard deviation							**3.494**	**1.411**	

Source: Field Survey, 2023

Table 6, 104 respondents out of 247 representing 51.9 percent agreed that Open mindedness of a leader helps in great communication and cost reduction ideas with mean score 3.41 and standard deviation of 1.442. Tough decision s and engaging in the difficult work of cost cutting promotes success 162 respondents representing 65.5 percent agreed with mean score of 3.54 and standard deviation of 1.387. The leaders sharing of vision minimizes costs in the organization 159 respondents representing 64.4 percent agreed with mean score of 3.63 and standard deviation of 1.467. Leading by examples by the leader reduce waste and increase income 161 respondents representing 65.2 percent agreed with mean score of 3.70 and 1.425. The leaders' demonstration of integrity promotes honesty in the orgnaisation 108 respondents representing 43.7 percent agreed with a mean score of 3.19 and standard deviation 1.334.

Test of Hypotheses

Hypothesis One: Risk management skills has significance effect on the revenue generation of deposit money banks in Abuja

Table 7: One-Sample Kolmogorov-Smirnov Test

		There is mitigating of revenue risk to avoid taking in lower revenue than planned	Sufficient cash flow is planned to avoid reduced revenues that may cause business failure	The identification of risk reduces expenses	Treating the risk promotes operational efficiency	The effective monitoring and report on the risk reduces hazards
N		247	247	247	247	247
Uniform Parameters[a,b]	Minimum	1	1	1	1	1
	Maximum	5	5	5	5	5
Most Extreme Differences	Absolute	.515	.523	.418	.437	.457
	Positive	.105	.138	.158	.170	.154
	Negative	-.515	-.523	-.418	-.437	-.457
Kolmogorov-Smirnov Z		8.097	8.224	6.570	6.872	7.190
Asymp. Sig. (2-tailed)		.000	.000	.000	.000	.000

a. Test distribution is Uniform.
b. Calculated from data.

Decision Rule

If the calculated Z-value is greater than the critical Z-value (i.e $Z_{cal} > Z_{critical}$), reject the null hypothesis and accept the alternative hypothesis accordingly.

Result

With Kolmogorov-Smirnon Z – value ranges from 6.570 < 8.224 and on Asymp. Significance of 0.000, the responses from the respondents as display in the table is normally distributed. This affirms the assertion of the most of the respondents that risk management skills had significance positive effect on the revenue generation of deposit money banks in Abuja

Decision

Furthermore, comparing the calculated Z- value ranges from 6.570 < 8.224 against the critical Z- value of .000 (2-tailed test at 95 percent level of confidence) the null hypothesis were rejected. Thus, the alternative hypothesis was accepted which states that risk management skills had significance positive effect on the revenue generation of deposit money banks in Abuja

Hypothesis Two: Leadership skills has significance effect on the reduced expenses of Deposit money banks in Abuja

Table 8: One-Sample Kolmogorov-Smirnov Test

		Open mindedness of a leader helps in great communication and cost reduction ideas	Tough decisions and engaging in the difficult work of cost cutting promotes success	The leaders sharing of vision minimizes costs in the organization	Leading by examples by the leader reduce waste and increase income	The leaders demonstration of integrity promotes honesty in the orgnaisation
N		247	247	247	247	247
Uniform Parameters[a,b]	Minimum	1	1	1	1	1
	Maximum	5	5	5	5	5
Most Extreme Differences	Absolute	.308	.406	.394	.402	.257
	Positive	.190	.154	.178	.158	.190
	Negative	-.308	-.406	-.394	-.402	-.257
Kolmogorov-Smirnov Z		4.836	6.379	6.188	6.315	4.040
Asymp. Sig. (2-tailed)		.000	.000	.000	.000	.000
a. Test distribution is Uniform.						
b. Calculated from data.						

Decision Rule

If the calculated Z-value is greater than the critical Z-value (i.e $Z_{cal} > Z_{critical}$), reject the null hypothesis and accept the alternative hypothesis accordingly.

Result

With Kolmogorov-Smirnon Z – value ranges from 4.836 < 6.379 and on Asymp. Significance of 0.000, the responses from the respondents as display in the table is normally distributed. This affirms the assertion of the most of the respondents that leadership skills had significance positive effect on the reduced expenses of Deposit money banks in Abuja

Decision

Furthermore, comparing the calculated Z- value ranges from 4.836 < 6.379 against the critical Z- value of .000 (2-tailed test at 95 percent level of confidence) the null hypothesis were rejected. Thus, the alternative hypothesis was accepted which states that leadership skills had significance positive effect on the reduced expenses of Deposit money banks in Abuja.

Discussion of Findings

Effect of Risk Management Skills on the Revenue Generation

From the result of hypothesis one, the calculated Z- value ranges from 6.570 < 8.224 against the critical Z- value of .000 which implies that risk management skills had significance positive effect on the revenue generation of deposit money banks in Abuja. In the support of the result from the literature, Alao & Alao (2013) Strategic Control and Revenue Generation: A Critical Success Factor in Local Government Using the Balanced Scorecard. The study found that there is need for re-engineering the whole system through strategic controls and using the balanced scorecard as an appraisal system for staff performance which when properly linked with organization objective will enhance increased revenue generation. Egbide, et al. (2019) Cost Reduction Strategies and The Growth Of Selected Manufacturing Companies In Nigeria. Results showed a positive significant relationship between cost reduction strategies and growth of manufacturing companies in Nigeria.

Effect of Leadership Skills on the Reduced Expenses

From the result of hypothesis two: the calculated Z- value ranges from 4.836 < 6.379 against the critical Z- value of .000 which implies that Leadership skills had significance positive effect on the reduced expenses of Deposit money banks in Abuja. In the support of the result from the literature, Chigudu, Prasad & Lim (2019) examined the Impact of Corporate Governance and Leadership on Organizational Success. The study revealed that, leadership effectiveness can be measured by the degree of relationships formed rather than styles/types, which vary by leaders' personalities. Leader-member exchange (LMX) provides the platform for relationships to be formed and strengthened by culture of values. Nwatu & Idoko (2020) Reducing Operating Costs and Profitability of Manufacturing Firms in South East, Nigeria. The study evaluates the reducing operating costs and profitability of manufacturing firms in South East, Nigeria. The findings of the study reveals that bank charges, travelling expenses and selling costs had significant relationship with growth, value per unit products, and income of the manufacturing firms in south East, Nigeria.

Summary of the Findings

i. Risk management skills has significance effect on the revenue generation of deposit money banks in Abuja, $Z_{(95,\ n = 247)} = 6.570 < 8.224$, $p < 0.05$
ii. Leadership skills had significance positive effect on the reduced expenses of Deposit money banks in Abuja, $Z_{(95,\ n = 247)} = 4.836 < 6.379$, $p < 0.05$

Conclusion

The study concluded that risk management skills and Leadership skills had significance positive effect on the reduced expenses of Deposit money banks in Abuja. Corporate governance involves the balance of power with which the organization is directed, managed, supervised and held accountable. It facilitates and stimulates the performance of corporations-the principal generators of economic wealth and growth in society by creating and maintaining a business environment that motivates managers and entrepreneurs to maximize firms' operational efficiency, returns on investment and long-term productivity growth. When done correctly, it establishes a framework for attaining a company's objectives in all spheres of management.

Recommendations

1. The management of Deposit Money Banks should try and have the process of identifying, analyzing, and responding to risk factors that may hinder organizational goals or objectives. As it will in help in calculating the uncertainties and also predict their impact, consequently giving organizations a basis upon which they can make decisions.
2. There is need for effective Leadership to provide, guide, inspire, and motivate when achieving goals. Leaders will help to create a vision and rally people around a common cause.

Contribution to Knowledge

The study on corporate governance on financial performance of deposit money banks reviewed previous studies related to the study. The gaps identified by the study were in the areas of objective, methodology, method of analyses and current. It was observed that these studies not directly related to the present study as their objectives differs to that of the present study. These objectives were on cost reduction strategies and growth, taxation on revenue generation, corporate governance on organization success, impact of cost efficiency on financial performance and effect of leadership styles on organization performance etc. the method of analysis used in these studies were Correlation analysis, Johansen co-integration and the Granger causality tests, Grounded theory (Straussian method), Fixed-effect and random-effect regression analysis and Panel data method while the present study will be analysed using Z-test statistical tool. Nevertheless, these literatures were of great important in as they were mostly conducted in the banking industries and as such gave the researcher the ability to asses other factors in the banking industries and as well evaluating corporate governance on financial performance of deposit money bank.

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