# Corporate Governance Practices and Performance of Selected Deposit Money Banks in Nigeria

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## Abstract

This study examined the relationship between corporate governance practice and the performance of deposit money banks in Nigeria. Despite existing studies on corporate governance in Nigerian banks, few have examined the mediating role of transformational leadership using the balanced scorecard as a performance metric. Primary data was generated using questionnaire instrument with a Likert scale of 1–5 points, taking into account the study's objectives, and a sample size of 389 respondents was selected randomly. Smart Partial Least Squares (SmartPLS) v3 was used for inferential statistics, while the Statistical Product for Social Science (SPSS) v25 was used for descriptive statistics. The cross-sectional study's results showed that the study's validity and reliability satisfied the requirements since the average variance extracted (EVA) was >0.50 and the Cronbach alpha and composite reliability were >0.70. The results showed that, except for board size, board meeting, and board independence, which had negative effects, all exogenous variables had a substantial impact on the endogenous variable with a commensurate mediating effect of transformational leadership.CEO duality showed the strongest positive effect (CEO -> TSL $\beta = 0.260$, $t = 3.637$, $p = 0.000$, <0.05), (TSL -> BSC $\beta = 0.520$, $t = 8.902$, $p = 0.000$, <0.05). Findings indicate that given the strong mediating role of transformational leadership, regulators should enforce leadership training programs alongside governance reforms.

**Keywords**: Corporate governance, board activities, deposit money banks, balanced scorecard, Nigeria.

## 1. Introduction

Globally, it is well acknowledged that good corporate governance (CG) is essential to improving an organization's performance and long-term viability (Naciti *et al*., 2022). Corporate governance is the framework that guides and manages enterprises. It consists of policies and procedures that ensure transparency, fairness, and accountability in a company's dealings with its stakeholders (Karyatun et al., 2023). The ability of deposit money institutions to control risk, preserve their financial stability, and fulfil their legal duties depends on corporate governance. Because the banking sector is highly regulated and susceptible to changes in the market, it requires robust governance practices to maintain the trust and confidence of depositors, investors, and other stakeholders (El-Chaarani & El-Abiad, 2024).

In the United States, corporate governance is viewed by a confluence of federal regulations, state laws, and stock market standards (Sulkowski & Jebe, 2022). Many American companies, for instance, have adopted Delaware's General Corporation Law. The Sarbanes-Oxley Act of 2002 was a landmark law that aimed to protect investors by improving the accuracy and reliability of business disclosures (Sulkowski & Jebe, 2022).

Corporate governance in the European Union is shaped by laws and directives that aim to protect stakeholders, promote transparency, and standardise practices throughout member states. For example, the EU's Directive 2017/1132 emphasises digital tools and procedures to expedite corporate law cases (Villiers, 2022). While some Asian nations are still developing their frameworks, others, like South Korea and Japan, place a high value on board independence and shareholder participation (van Wyk, 1999).With robust governance laws and policies that promote ethical business practices and accountability, African countries such as South Africa (SA) are setting the benchmark for corporate governance, which is evolving (Modise & Modise, 2023).

The Nigerian banking crisis which includes the 2006 banking sector consolidation, high rate of insider frauds, lack of board independence, high rate of non-performing loans, tax credit administration, weak capital base, weak audit committees among others justified the urgency of this study in examining corporate governance practices in Nigeria. Following the Central Bank of Nigeria's (CBN) 2004 banking consolidation strategy, which aimed to improve banks' viability and worldwide competitiveness, the Nigerian banking sector has experienced substantial adjustments (Arogundade & Adegbie,2024). Notwithstanding these initiatives, Nigerian deposit money institutions' performance remains problematic, underscoring the necessity of sound corporate governance procedures (Oarhe *et al*., 2023). Board independence is critical in Nigeria due to historical CEO dominance in bank failures (Sanusi, 2010). Transformational leadership is now an emerging force in Nigerian banking industry as demonstrated by the new generation banks leadership styles, which has forced the old generation banks to transform their banking cultures, technologies and management philosophy (Chukwuma, 2021).

In the Nigerian banking sector, corporate governance has emerged as a crucial area of focus, especially in emerging nations like Nigeria. Deposit money banks' operational performance, risk management, and general stability can all be strongly impacted by their governance procedures and structures (Kafidipe *et al*., 2021). Strong corporate governance practices have become more important in the wake of previous financial crises and regulatory changes, to improve transparency, accountability, and sustainability in the banking industry (Wali *et al.*, 2023). This study extends prior work by testing transformational leadership as a mediator, a factor underexplored in African banking governance.

Many Nigerian deposit money institutions still struggle with governance inefficiencies, ethical transgressions, and regulatory compliance, even in the face of the increased focus on corporate governance (Oarhe *et al*., 2023). Research on the relationship between these banks' performance and corporate governance practices is still lacking, which raises important questions about how well governance frameworks support stability and financial success (Emejulu & associates, 2024). By examining the particular governance practices used by a few chosen banks and evaluating their direct and indirect impacts on performance metrics like profitability, asset quality, and risk management in connection to the mediating function of transformational leadership, this study aims to close the gap.

The study aimed at providing policymakers, regulators, and industry stakeholders empirical evidence regarding how corporate governance shapes the operational results of Nigerian banks. This study explored the corporate governance policies of a few Nigerian deposit money institutions, investigating how these policies affect their performance indicators and help them remain resilient in a changing economic environment (Okereke *et al*., 2011). To ensure that corporate governance fulfills its obligations and that investors have confidence in their investment, it also assessed at the contextual challenges.

The study's primary focused on assessment of how corporate governance standards affect Nigerian deposit money banks' performance using the balanced scorecard as a performance indicator. Its specific objectives included to: determine the relationship between board size and the return on performance of deposit money banks in Nigeria; evaluate the impact of the board meeting on the return on assets of deposit money banks in Nigeria; examine the impact of board independence on the return on assets of deposit money banks in Nigeria; assess the relationship between audit committee size and operating efficiency of deposit money banks in Nigeria; identify the impact of CEO duality on the operating efficiency of deposit money banks in Nigeria; explore the influence of audit committee independence on the employee productivity of deposit money banks in Nigeria; evaluate the impact of audit committee gender diversity on the employee productivity of deposit money banks in Nigeria; and investigate the mediating role of transformational leadership between corporate governance practices and the performance of deposit money banks in Nigeria.

The hypotheses are stated in their alternate form as follows:

**Ha1:** There is significant relationship between board size and the return on asset of deposit money banks in Nigeria.

**Ha2:** There is significant relationship between board meeting and the return on asset of deposit money banks in Nigeria.

**Ha3:** Board independence has significant impact on the return on asset of deposit money banks in Nigeria.

**Ha4:** Audit committee size has significant influence on the operating efficiency of deposit money banks in Nigeria.

**Ha5:** CEO duality has significance impact on the operating efficiency of deposit money banks in Nigeria.

**Ha6:** Audit committee independence has significant relationship with the employee productivity of deposit money banks in Nigeria.

**Ha7:** There is significant impact of audit committee gender diversity on the employee productivity of deposit money banks in Nigeria.

**Ha8:** Transformational leadership mediates the relationship between corporate governance practice and performance of deposit money banks in Nigeria.

## 2. **Literature Review**

Despite existing in industrialised economies, rules and limitations gained favour with the collapse of the so-called "Too Big to Fail" enterprises. The need for a greater corporate governance system became obvious. (Omarova, 2019; The Financial Stability Board, 2020). These resulted in a global examination of CG practices across different nations. These efforts were intended to increase awareness, improve oversight and regulation, and draw attention to the management' and board of directors' conduct. The Basel Committee on Banking Supervision (BCBS) made an earnest effort to draft a document that would serve as a compass for corporate governance in the global banking sector (Bank for International Settlements, 2015). The Basel Committee on Banking Supervision (BCBS) made an earnest effort to draft a document that would serve as a compass for corporate governance in the global banking sector (Bank for International Settlements, 2015).

Before 2003, no one document in Nigeria could be used as a guide to address the problem of inadequate corporate governance. A committee led by Chief Atedo Peterside was established by the Securities and Exchange Commission (SEC). The 2003 Code of Corporate Governance (CCG) for companies listed on the Nigerian Stock Exchange (NSE) was created by the committee. This became the first corporate governance reference document in Nigeria (Adegbite, 2010). Interestingly, the Bankers' Committee also established a subcommittee on corporate governance for Nigerian banks and other financial institutions, acknowledging the crucial role that corporate governance plays in a company's success or failure (Uwuigbe, 2011). Regretfully, the 2003 Code of Corporate Governance (CCG) had several flaws, as it failed to address specific CG issues that affected the banking sector, which meant that the 2003 CCG needed to be reviewed further because of the found flaws.

The 2011 Code of Corporate Governance was created, and it is without a doubt the most extensive corporate governance regulation document in Nigeria (Ofo, 2010). The 2018 Code of Corporate Governance was recently introduced by the Federal Government of Nigeria and is presently in use. Nigeria's financial sector continues to experience waves of crisis. Regulators and other stakeholders became quite concerned about this. The problem in Nigeria's banking industry has had a significant role in the country's development since 1952. Nine more commercial banks declared distress between 2000 and 2006 (NDIC, 2007), while 26 commercial banks went into full-scale distress in 1998 alone (Ademola, Olusegun, & Kehinde, 2013).

In 2006, the Central Bank of Nigeria (CBN) created an industry-specific Code of Corporate Governance to be used in conjunction with other corporate governance laws already in place, including the Prudential Guidelines 2000, the NDIC Act 1998, the CAMA 1990, and the CBN Act 1991. Eight banks made it through the 2006 liquidation hammer after the consolidation. In order to prevent additional weak banks from going bankrupt, the central bank of Nigeria spent 600 billion Naira in the economy (CBN, 2010).

According to Sanusi (2010), one of the main causes of the nation's incredibly precarious financial system is the lack of corporate governance. He found three main causes, including insider trading, regulatory bodies turning a blind eye to the CEOs of these commercial banks' wilful prestidigitation, and board members ignoring their obligations to depositors and shareholders. Paradoxically, the several corporate governance regulations that the CBN implemented in 2006 and 2014 have not worked. The amount of insider fraud in the banking sector was N12.01 billion in 2017, which was N3.3 billion more than it was in 2016 (NDIC, 2018). These urge more study in the area of corporate governance (CG), particularly in the banking industry.

## 2.1 Conceptual framework

With board size, board meeting, board independence, audit committee size, COE duality, audit committee independence, and audit committee gender diversity as aspects, the conceptual foundation of this study is based on a straightforward understanding of corporate governance as an independent variable. Transformational leadership is the study's mediating variable, and the balanced scorecard is its dependent variable. Figure 1 further illustrates this in the following way:

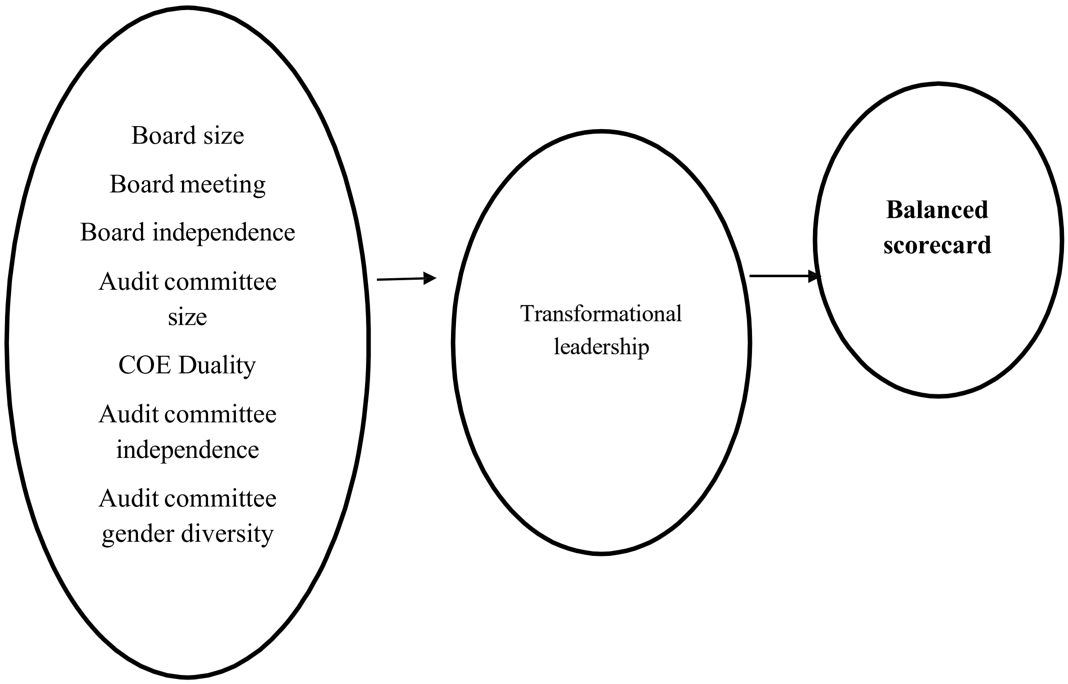



**Figure 1**: Adapted conceptual framework (2025)

**Source: Researcher adapted framework, 2025**

## 2.2 Theoretical Framework

Although there are many theories that can be used for the study, this study only used two. These include the theories of agency and stakeholders.

### Agency theory

American economists Michael Jensen and William Meckling created agency theory in 1976. The notion is predicated on the idea that a corporation's ownership and control are distinct; shareholders own the company, but directors and senior executives have authority over its operations. According to the notion, companies represent their shareholders. In other words, shareholders contribute to the ownership of the company and trust the directors and officers to manage their funds (Gordon, 2021). The owners are required to give the management decision-making authority under this model. On behalf of the shareholders, the management oversees the operation of the business. Managers have no direct interest in future shareholder returns or claim value if they do not own business stock. They are paid and have a work contract. Their primary concerns will probably be the amount of their compensation package and their position within the company, unless they own shares or their compensation is based on profitability or share values.

A company's owners and managers should ideally have an "agency contract" that guarantees the managers will always work in the owners' best interests. However, since all choice managers make impacts on both their well-being and the owners' interests, it is impossible to set up the "ideal" contract. In general, agency theory can be summed up as a theory of corporate governance that distinguishes between ownership and control (Al-Faryan, 2024). Individuals are motivated by self-interest, and professional managers are chosen to serve as representatives of the business owners. Self-interest conflicts occur between management and stockholders. This is because managers are self-interested and cannot be trusted to operate in the shareholders' best interests. The agency connection between management and shareholders is harmed by this. The shareholders incur expenses as a result of these agency issues (Zhou et al., 2021). By strengthening management's oversight and offering them incentives to align their interests with those of the shareholders, the goal should be to reduce these expenses.

The argument states that since management and ownership are held by different people, conflicts of interest are likely to arise since managers and owners may have competing interests (Viia & Alas, 2009). To improve firm performance, agency theory focuses on how diverse boards, including both male and female members, can carry out strategic tasks like monitoring and advising and bring a variety of ideas, perspectives, experiences, and business knowledge to the boardroom decision-making process (Johnston & Malina, 2008; Lincoln & Adedoyin, 2012; Triana et al., 2013; Baranchuk & Dybvig, 2009; Ntim, 2013; Khosa, 1997). The purpose of every board is to solve agency problems and boost the board's efficacy. To better align management's interests with those of shareholders, women may play a larger role on boards with greater diversity (Hillman & Dalziel, 2003). Low *et al*. (2015) claim that choosing directors from a variety of backgrounds improves board oversight by providing the organisation with a fresh perspective that allows the female members to question the status quo (Yi, 2011). Because women are more likely to question established wisdom and management practices, a gender-diverse board performs better in its monitoring duties (Adams & Ferreira, 2009). Additionally, women can help the board by providing it with more resources and market information due to their unique experience, competence, and specialised knowledge as well as their diverse social and professional networks (Konek, 1994; Wittenberg-Cox & Maitland, 2008).

**Stakeholder Theory**

According to the notion, a company's survival comes from a network of relationships with different interest groups, including employees, governments, creditors, debtors, and suppliers, in addition to the manager-owner relationship (Kock, Santalo & Dlestre, 2012). Therefore, balancing the divergent and competing interests of different stakeholders and interest groups is the main task facing governance. Thus, it has been suggested that one way to adjust governance to stakeholders' interests is to include outside factors or go beyond the organisation. (Egiyi, 2022)

The stakeholder theory of corporate governance, according to Price (2019), focuses on how corporate activity affects all of the company's stakeholders and takes into account the interests of any third parties that depend on the company to some extent. This is in contrast to the shareholder effect, which assumes that companies will try to minimise or lessen stakeholder conflicts. According to this idea, stakeholders can be classified as either external (such as creditors, vendors, auditors, customers, and community and governmental organisations) or internal (such as corporate directors, managers, and employees). Stakeholder theory incorporates management's accountability to a variety of stakeholders. The statement claims that managers in businesses have a network of service ties that include suppliers, employees, and business partners. The concept, which emphasises managerial decision-making, holds that the interests of all stakeholders are inherently valuable. Given this context, both the agency and stakeholder theories will be used in this study since agents must safeguard and optimise shareholders' value through business operations and managerial choices. Stakeholder theory, on the other hand, will address the interests and social ties of all stakeholders with inherent worth. This supports the argument made by Al Mamun et al. (2013) that there is no single theory that can adequately describe good corporate governance. Rather, a combination of many is required.

Stakeholder theory, which advocates for balancing the interests of all parties affected by a company, faces challenges when applied to Nigerian banks where shareholder primacy often dominates. The dominance of shareholder value maximization can lead to a neglect of other stakeholder interests, potentially causing social and economic harm, and hindering long-term sustainability, while also risking the bank's reputation and long-term viability (Eze, 2023).

## 2.3 Empirical Review

A study on the impact of corporate governance on business performance: Turkey case study was carried out by Yilmaz and Buyuklu (2016) utilising panel data analysis. Panel data analysis, which integrates cross-sectional and time-series data to examine many businesses over time, was used in this study. The study's findings show how corporate governance elements impact the performance of companies. A company's financial performance is negatively impacted by leverage and independent board member shares, whereas it is positively impacted by foreign ownership. Group studies by board characteristics (size, independence), audit committees, and leadership, highlighting gaps. While Yilmaz (2016) found negative effects of board independence, Nigerian studies (e.g., Mustapha et al., 2020) report mixed results, warranting further investigation.

A study conducted by Temba *et al*. (2023) aim to establish causal-effect correlations among the study variables, multiple linear regression analysis was used to gather panel data from published reports of fifteen commercial banks over 17 days in Tanzania. The findings demonstrated the positive effects of corporate governance, including board composition and overboard, on the capital sufficiency, asset quality, and profitability of commercial banks. Corporate governance negatively affects the efficient use of equity and liquidity through board gender diversity, governance components, and control.

Abebe Zelalem et al. (2022) did a study on the relationship between corporate governance and financial performance in emerging nations, specifically focussing on Ethiopian insurance companies. The study used an explanatory research design with data from nine insurance firms' econometric panels from 2012 to 2020. The random effect estimation method was used to identify the most important variable. The results showed that corporate governance significantly affects the financial success of insurance businesses. The results specifically demonstrated that board composition has a negative and substantial impact on financial performance. This suggested that insurance companies with a higher percentage of non-executive directors do not outperform those with a lower percentage.

Kafidipe et al. (2021) conducted a study on the corporate governance, risk management, and financial performance of Nigerian listed commercial banks in 2021. Twelve banks are included in the panel data, which spans the years 2013–2018. Both Pearson correlation analysis and descriptive statistics are employed. The pooled regression, fixed effect, and random effect regression were used to assess if there was collinearity between the variables. However, the best estimator (i.e., random effect regression) is selected using the Hausman test. The results show a significant but negative impact on the bank's bottom line (Youssef et al., 2023). The analysis showed the number of board committees is advantageous, while the size, independence, directors' shareholdings, and meetings of the board are all detrimental. However, the board committee's research coefficient number is favourable.

Mustapha et al. (2020) examine the relationship between corporate governance and the financial performance of Nigerian banks. Three board characteristics—board independence, board meetings, and board gender—were employed as independent variables, whereas ROA was selected as a performance metric. This study employed a panel data approach with 45 firm-year observations on 15 banks. The impact of the predictors on financial performance was assessed using the random effect model. The findings showed that board independence and ROA do not significantly correlate negatively. The board meeting and ROA were determined to be significantly bad. The correlation between board genders, board size, and ROA was, however, statistically negligible. However, there is a statistically significant relationship between ROA and business size. It has shown that bank age and ROA had a negative significant relationship.

Ajibade and Kwarbai (2020) investigated the connection between financial performance and corporate governance in the banking sectors of Nigeria and the United Kingdom. It looked at secondary data that was collected from the annual reports of ten banks that were listed on the Nigerian and UK stock exchanges. Using a multivariate regression model, the study examined the combined effects of board size, audit committee, firm size, and board composition on the performance of the listed banks. The conclusion shows that corporate governance elements have a major influence on the financial performance of the banking sectors in Nigeria and the UK.

Gbadebo (2021) carried out a study on how corporate governance affects the performance of financial institutions in Nigeria. 15 commercial banks or financial institutions make up the study's sample size, which was determined by purposive sampling techniques. The collected data was analysed using multilinear regression techniques. 22 banks were selected for the investigation using census sampling. However, only 12 dependent variables were collected because the data for the other 10 were inadequate. The findings revealed that there is no significant relationship among board size, board diversity, board accountability and ROI. The report offers a thorough analysis of the connection between commercial banks' ROI and their board size, diversity, and accountability.

The use of Smart Partial Least Squares Structural Equation Modelling (Smart PLS SEM) as a tool of analysis for the study's multiple regression analysis and the inclusion of transformational leadership as the mediating variable set this study apart from other studies on corporate governance and bank performance to the balanced scorecard.

## 3. Methodology

This research used a survey design. The descriptive analysis made use of primary data that was randomly collected from 79,552 workers of the five chosen deposit money banks which are Zenith Bank Plc, First Holdco Plc (First Bank), United Bank for Africa (UBA) Plc, Access Holdings Plc (Access Bank) and GTCO Plc, using the formula developed by Taro Yamane (1967), a sample size of 389 was established. Stratified random sampling by bank size would improve representativeness. The questionnaire was crafted using a five-point Likert scale, ranging from 1 to 5 (strongly disagree to strongly agree), following the objectives of the study. The Statistical Product for Social Science (SPSS) v25 was utilised for descriptive statistics in the cross-sectional quantitative investigation, while Smart Partial Least Squares Structural Equation Modelling (SmartPLS SEM) v3 was utilised for multiple regression analysis inferential statistics. SmartPLS was chosen due to its robustness with small sample sizes and complex mediation models (Hair et al., 2019). By using SmartPLS SEM, the study's biases were eliminated. Between January and February of 2025, information was collected and examined from the five Nigerian deposit money banks that were selected.

**Table 1: Construct reliability and validity**

| Construct | Cronbach's alpha | Composite reliability (rho_a) | Composite reliability (rho_c) | Average variance extracted (AVE) |
|---|---|---|---|---|
| Board Size (BDS) | 0.761 | 0.782 | 0.855 | 0.544 |
| Board Meeting (BDM) | 0.860 | 0.743 | 0.832 | 0.554 |
| Board Independence (BDI) | 0.872 | 0.720 | 0.815 | 0.525 |
| Audit Committee Size (ACS) | 0.884 | 0.735 | 0.820 | 0.534 |
| CEO Duality (CEO) | 0.882 | 0.745 | 0.820 | 0.541 |
| Audit Committee Independence (ACI) | 0.795 | 0.782 | 0.859 | 0.603 |
| Audit Committee Gender Diversity (ACG) | 0.761 | 0.733 | 0.713 | 0.598 |
| Transformational Leadership (TSL) | 0.858 | 0.873 | 0.811 | 0.518 |
| Balanced Scorecard (BSC) | 0.858 | 0.709 | 0.701 | 0.607 |

**Source**: Researcher's field analysis, 2025

The study's data reliability and validity met the thresholds, as Cronbach's alpha was >0.70, composite reliability was >0.70, and Average Variance Extracted (AVE) was >0.50, respectively, as shown in Table 1. In SEM, data reliability and validity are centred on composite reliability and AVE.

## 4. Results and Discussions

The descriptive analysis of respondents was carried out using SPSS as indicated in Table 2

Table 2: **Demography of Respondents**

| Variable | Item | Frequency | Percentage (%) |
|---|---|---|---|
| Gender | Male | 206 | 54.2 |
| | Female | 174 | 45.8 |
| | **Total** | **380** | **100** |
| Age | 21-30 | 108 | 28.4 |
| | 31-40 | 52 | 13.7 |
| | 41-50 | 139 | 36.6 |
| | 51-60 | 59 | 15.5 |
| | 60 and above | 22 | 5.8 |
| | **Total** | **380** | **100** |
| Cadre | Banking Officer | 76 | 20.0 |
| | Manager | 62 | 16.3 |
| | General Manager | 132 | 34.7 |
| | Executive Director | 110 | 28.9 |
| | **Total** | **380** | **100** |
| Educational Qualification | PhD | 83 | 21.8 |
| | M.Sc | 29 | 7.6 |
| | First Degree | 130 | 34.2 |
| | National Diploma | 113 | 29.7 |
| | Ordinary Level | 25 | 6.6 |
| | **Total** | **380** | **100** |

**Source: Researcher's field survey and analysis, 2025**

Descriptive analysis was used to examine the respondents' demographic characteristics in Table 2. Male employees (54.2%) slightly outnumbered female employees (45.8%) in this poll. The workers who made up the majority of respondents (36.6%) were between the ages of 41 and 50. The first-degree holders performed the best (34.2%), followed by general manager personnel (34.7%). This results are similar to the study conducted by Fagbuyi et al., (2024); Fagbuyi, Adegbola, et al., (2024).

**Data Analysis**

The analysis of the inferential statistics was done using SmartPLS v3. This comprises two steps: bootstrapping for structural equation modelling and the technique for measurement equation modelling (Hair et al., 2023). As long as the deletion did not account for more than 20% of the total items, nine (9) items with weak loading <0.700 were removed from Figure 2: BDS2 0.484, BDS4 0.477, BDM3 0.625, BDI1 0.569, ACS3 0.558, ACI3 0.529, TSL1 0.505, BSC2 0.150, and BSC5 0.081 (Hair et al., 2019). Excluded items (e.g., BSC2, BSC5) may reflect measurement error; future studies should validate the scale in Nigerian contexts.

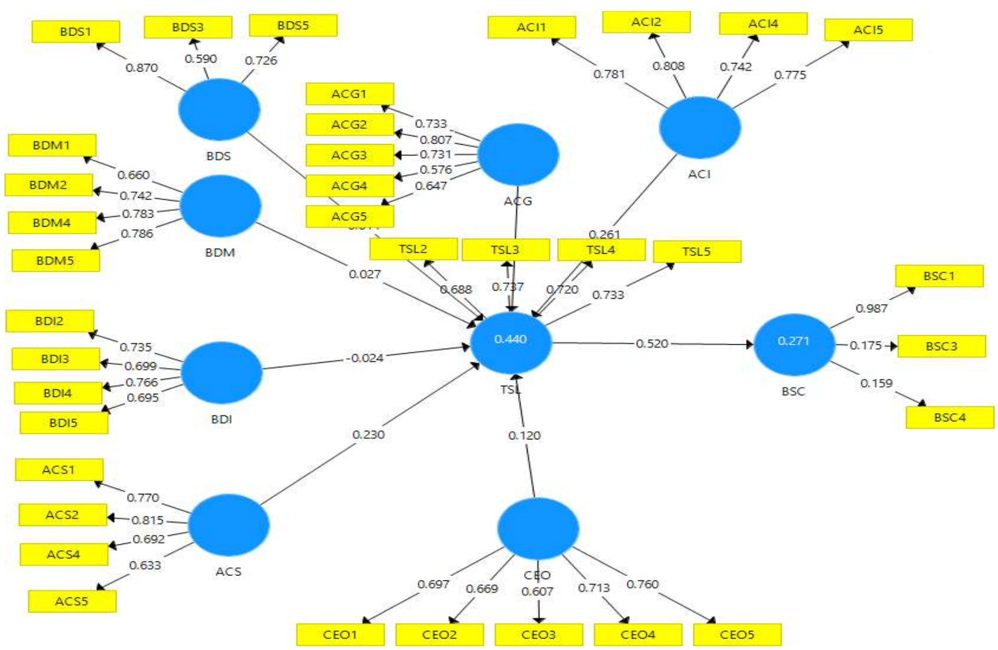
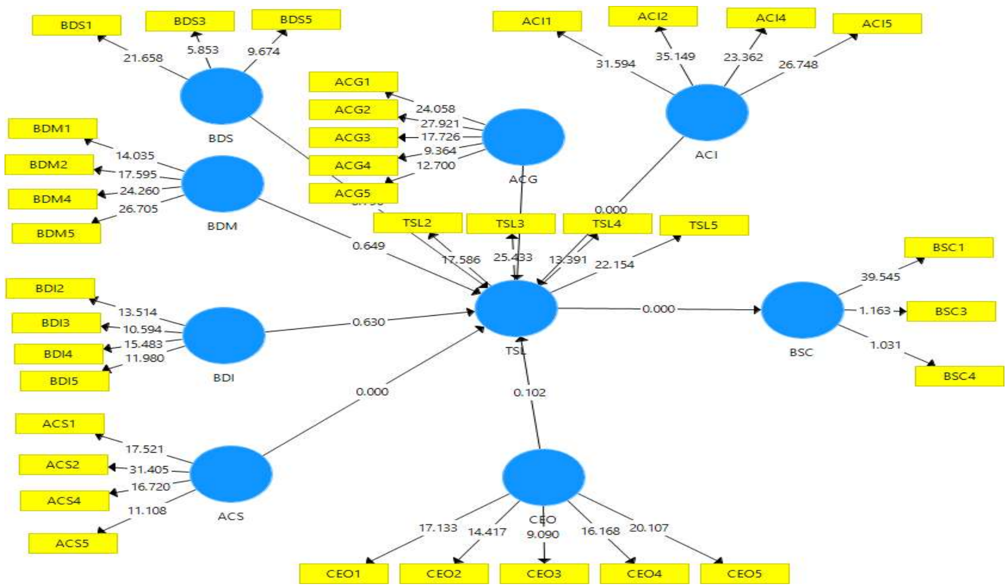



Figure 2: Result of algorithm sequence

Source; Researcher Field Work, 2025

Source: Measurement equation modelling (algorithm sequence), 2025




**Source:** Researcher Data Analysis,2025

**Figure 3**: Result of bootstrapping sequence

**Source**: Bootstrapping sequence of SEM

As evident in Figure 3, the bootstrapping sequence, the SEM, allows researchers to ascertain the path coefficients and make decisions on the formulation of hypotheses. The data shown in Table 4 were used to determine the multiple regression analysis, and the study's hypotheses were decided.

**Table 3: Specific indirect effect (effects of mediating variable)**

| Construct | Original Sample (O) | Sample Mean (M) | Standard Deviation (STDEV) | T Statistics (\|O/STDEV\|) | P Values |
|---|---|---|---|---|---|
| ACG -> TSL -> BSC | 0.109 | 0.110 | 0.036 | 2.985 | 0.003 |
| ACI -> TSL -> BSC | 0.136 | 0.134 | 0.041 | 3.351 | 0.001 |
| ACS -> TSL -> BSC | 0.120 | 0.122 | 0.035 | 3.401 | 0.001 |
| BDI -> TSL -> BSC | -0.013 | -0.012 | 0.026 | 0.481 | 0.631 |
| BDM -> TSL -> BSC | 0.014 | 0.013 | 0.032 | 0.445 | 0.656 |
| BDS -> TSL -> BSC | 0.007 | 0.011 | 0.028 | 0.259 | 0.796 |
| CEO -> TSL -> BSC | 0.236 | 0.238 | 0.040 | 3.676 | 0.000 |

**Source: Researcher Data Analysis, 2025**

The mediating effects of transformational leadership were identified in Table 3. With the exception of BDI->BSC, BDM->BSC, and BDS->BSC, transformational leadership has a significant impact on every other variable.

**Table 4: Relationship between Endogenous and Exogenous Variables**

| Hypothesis | Relationship | Beta (β) | t value | p-value | Decision | 2.5% | 97.5% |
|---|---|---|---|---|---|---|---|
| **H1** | BDS -> TSL | 0.014 | 0.258 | 0.796 | Not supported | -0.105 | 0.118 |
| **H2** | BDM -> TSL | 0.027 | 0.456 | 0.649 | Not supported | -0.080 | 0.137 |
| **H3** | BDI -> TSL | -0.024 | 0.482 | 0.630 | Not supported | -0.131 | 0.069 |
| **H4** | ACS -> TSL | 0.230 | 3.875 | 0.000*** | Supported | 0.127 | 0.345 |
| **H5** | CEO -> TSL | 0.260 | 3.637 | 0.000*** | Supported | 0.139 | 0.352 |
| **H6** | ACI -> TSL | 0.261 | 3.650 | 0.000*** | Supported | 0.111 | 0.407 |
| **H7** | ACG -> TSL | 0.209 | 3.297 | 0.001** | Supported | 0.091 | 0.330 |
| **H8** | TSL -> BSC | 0.520 | 8.902 | 0.000*** | Supported | 0.396 | 0.625 |

***p<0.05, **p<0.01, ***p<0.000**

Source: Researcher's data analysis, 2025

The results of the multiple regression analysis between the independent and dependent variables are shown in Table 4. The p-value was >0.05, indicating that the alternative hypotheses were not supported because the variables BDI->TSL, BDM->TSL, and BDS->TSL were unable to reach the t-value threshold of >1.96. Though board size was nonsignificant ($\beta = 0.014$), the direction suggests minimal practical impact, aligning with Mustapha et al. (2020).

**Table 5: Goodness of Fit**

| Constructs | R-square | R-square Adjusted | Q²predict | RMSE | MAE |
|---|---|---|---|---|---|
| BSC | 0.271 | 0.269 | 0.154 | 0.924 | 0.704 |
| TSL | 0.420 | 0. 411 | 0.389 | 0.787 | 0.599 |

SRMR = Saturated model 0.084, Estimated model 0.085

Source: Researcher Data Analysis.2025

The Goodness of Fit in Table 5 indicated the level of statistical accuracy of the data gathered for the study. Finding the model fit alignment with the gathered data is the intent.

**Discussion of findings**

The primary determinant element of this study is the mediating function of transformational leadership between a balanced scorecard and corporate governance. The first hypothesis's result, BDS -> TSL $\beta = 0.014$ $t = 0.258$ and $p = 0.796 > 0.05$, demonstrated that the alternative hypothesis was not supported. The transformational leader and board size have no bearing on the balanced scorecard of the chosen deposit money banks in Nigeria. $H_2$ BDM -> TSL $\beta = 0.027$ $t = 0.456$ $p = 0.649 > 0.05$ and $H_3$ BDI -> TSL $\beta = -0.024$ $t = 0.482$ $p = 0.630 > 0.05$ yielded the same results. Because the t and p values were not statistically significant, the $H_2$ and $H_3$ were rejected, indicating that there were no effects between the IVs and DV The lack of mediation for board independence may reflect its direct influence on performance, bypassing leadership (Naciti et al., 2022). $H_4$ showed a positive and significant relationship between transformational leadership and audit committee size (ACS -> TSL $\beta = 0.230$ $t = 3.875$ $p = 0.000 <0.5$). As a result, the alternative theory was accepted. Also, there is a positive correlation between the variables in $H_5$ CEO -> TSL = 0.260, t = 3.637, P = 0.000 < 0.05. It was evident that the balanced scorecard of the chosen deposit money banks in Nigeria is made possible by the strong beneficial impact that chief executive officer duality has on transformative leadership. The fifth hypothesis was accepted. The following statistically significant values (ACI -> TSL β = 0.261 t = 3.650 P = 0.000 <0.05) were accepted as well for hypothesis six ($H_6$), which was audit committee independence. Because a financial institution's audit committee's independence is essential to its return on investment. The significance of gender's role in the financial industry was validated by $H_7$. The alternative hypothesis was accepted since the results of the study on gender diversity and transformational leadership in the audit committee (ACG -> TSL β = 0.209 t = 3.297 p = 0.001<0.05) demonstrated a positive relationship between the exogenous and mediating variables. With the highest values, the mediator distinguishes its effect in $H_8$ as TSL -> BSC β = 0.520 t = 8.902 p = 0.000 < 0.05. The outcome showed that transformational leadership played a significant mediating function between the endogenous and exogenous factors. With a statistically significant value below 5%, the alternative hypothesis was thus accepted (Hair et al., 1998).

The model fit of the gathered data and the endogenous variable's predictive validity were examined in Table 5. Standardised Root Mean Square Residual (SRMR) = Saturated model 0.084 and Estimated model 0.085 were used to determine model fit in this investigation. SRMR (0.085) nears the 0.08 threshold, suggesting minor misspecification; future studies should test alternative models. A good match is defined as having an SRMR score of less than 0.08. The Root Mean Square Error (RMSE) offers an absolute measure of fit. A value of zero denotes a perfect fit to the data, and RMSE is always non-negative. A better match is indicated by lower RMSE values (2020, Grace-Martin). Without taking into account the direction of the errors, the Mean Absolute Error (MAE) = BSC 0.704 and TSL 0.599 calculates the average magnitude of the errors in a set of predictions. It is the mean of the absolute variations between the values that were predicted and those that were observed. The endogenous variable's predictive validity is further demonstrated by the percentages Q2 of TSL (0.389) and Q2 of BSC (0.154). The exogenous and mediating variables accurately predicted the balanced scorecard of this study. (Raithel et al., 2012; Heseler et al., 2016).

## 5. Conclusion and Recommendations

This study investigated the effects of corporate governance practices and the performance of deposit money banks in Nigeria using the balanced scorecard as a performance metric. The function of transformational leadership as a mediator between the exogenous and endogenous variables was also examined. The dominance of CEO duality supports stakeholder theory, suggesting Nigerian banks prioritize leadership centralization over board oversight. Given the strong mediating role of transformational leadership, regulators should enforce leadership training programs alongside governance reforms. Strong leader-member exchanges (LMX) and open-minded norms are essential for promoting innovation and knowledge production, and transformational leaders who demonstrate transformational traits contribute to the body of knowledge in this field. Future research might look at longitudinal designs tracking governance reforms post-COVID-19 could capture dynamic effects.

The study's conclusions lead to the following recommendations:

1. Regulators should require banks to disclose CEO/Chair role splits annually, with penalties for non-compliance.
2. Strengthen oversight to provide effective supervision and strategic directions. Regulators should make sure that the various banks in Nigeria are adequately regulated and corporate governance reforms are instituted and adequately practiced by the various banks and where there are deviations prompt corrective measures are taken.
3. Banks should enhance their disclosure procedures to guarantee that stakeholders get accurate and timely financial and non-financial information.
4. Banks should implement thorough risk management frameworks that emphasise proactive risk identification and mitigation and are in line with best practices and regulatory requirements.
5. By enforcing stringent codes of conduct and guaranteeing accountability at all organisational levels, banks should promote a culture of responsible leadership and honesty.
6. Board members and executives should have access to ongoing training programs to stay current on emerging trends and best governance practices.
7. To guarantee adherence to governance norms and quickly rectify any violations, regulatory agencies should strengthen their oversight and enforcement systems.
8. CBN should mandate gender diversity quotas among the banks. This will help to guarantee a balanced distribution of gender diversity. Favouritism and gender bias would be eradicated as a result.

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