



Corporate Governance and Organizational Efficiency in the Nigerian Deposit Insurance Corporation (NDIC)

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Abstract

This study investigates corporate governance and organizational efficiency in the Nigerian Deposit Insurance Corporation (NDIC). The objective of the research is to examine the extent to which corporate governance affects organizational efficiency by evaluating the corporate strategic plans, reviewing the role corporate governance has played in building sound character policy amongst board members, executive and staff, and how that affected productivity, transparency, accountability, and stakeholders' relation in the NDIC. Survey design was used for collecting data from the study population on the subject matter. The population of the study comprised 1,644 with a sample size of 400 respondents determined and selected using Taro Yamane (1967) formula from the relevant people, directorates, departments, and units handling Corporate Governance in the Nigerian Deposit Insurance Corporation (NDIC), other regulatory bodies and some staff of selected Insured financial institutions and victims of failed financial institutions. Data were analysed using content analysis and findings from the study revealed that corporate governance in the NDIC is a framework for achieving corporate efficiency which is a collective responsibility of all stakeholders including its regulators and that corporate governance practice in the NDIC has significantly guaranteed depositors' funds, improved their recovery process and public awareness leading to percentage increase in number of complaints received from customers/victims of failed Money Deposit Institutions between 2011 and 2018. The recommendation therein is that there should be framework for continuous health check on the NDIC's corporate governance policy framework through a systematic review within a given period to ensure they are effective and to ascertaining their strength and weaknesses.

Key Words: Governance, Corporate Governance, Organization, Organizational Efficiency.

Introduction

The concern for corporate governance is not totally new; it is believed to be as old as enterprise. According to business historians, the Bubble Act of 1720 which was an early reaction to abuse of Charters in UK was said to be the starting point of corporate governance history. The first corporate governance codes were introduced in December 1992 in response to corporate failures in the United



Kingdom (Bhagat and Black, 2002). A report, known as the Financial Aspects of Corporate Governance, was produced by a committee headed by Sir Adrian Cadbury, known as the Cadbury Report. The report significantly influenced corporate governance thinking around the world. According to the report, the aims of corporate governance are to align as nearly as possible the interests of individuals, of corporations, and of society. This serves as an incentive to corporations and to those who own and manage them by adopting internationally acceptable governance standards that will assist in achieving the corporate aims, attract investment, strengthen the economy and encourage business probity. These reports tried to forestall the abuse of power by corporate entities (Cernate, 2004).

Although, the SEC code presented some sweeping reforms, it was soon found to be inadequate in addressing new challenges. Therefore, in 2006, the Central Bank of Nigeria (CBN) issued its Code of Corporate Governance for Banks in Nigeria Post Consolidation. This code was introduced to ensure accountability on the part of bank's Chief Executive Officers (CEOs). It specifies fines and penalties, including jail terms for erring CEOs. It prescribes risk management measures within the organization, particularly emphasizing the role and qualification of a company's internal auditor (CBN Code, 2006).

The National Pension Commission (PENCOM) issued its own code in 2008, known as the 2008 PENCOM Code. Subsequently, the National Insurance Commission (NAICOM) issued its Code of Corporate Governance for the Insurance Industry in 2009. These three industry-specific codes were meant to address the issues that were not addressed in the Security and Exchange Commission (SEC) legislation. However, in 2011, SEC released the Code of Corporate Governance for Public Companies in Nigeria, which effectively replaced its 2003 legislation. This latest law was adjudged at the time as the most comprehensive corporate governance code in Nigeria. The code is anchored on five main principles, which include: leadership, effectiveness, accountability, remuneration and relations with shareholders (Ahmad, 2008).

The establishment of the Financial Reporting Council of Nigeria (FRCN), through the Financial Reporting Council Act 2011, was widely praised. The Directorate of Corporate Governance of the FRCN has the responsibility to develop principles and practices of corporate governance. The directorate can act as the coordinating body responsible for all matters pertaining to corporate governance in Nigeria. Unfortunately, the council's attempt to overhaul the country's corporate governance framework to encourage more disclosure and better governance practices was later scuttled (Oyebode, 2009).

One issue bedeviling Nigeria's corporate governance landscape is the multiplicity of overlapping legislations. This challenge also affects the Nigerian Deposit Insurance Corporation (NDIC) as a public corporation with a private outlook. The council tried to address this issue and unify the pectoral corporate governance codes with the National Code of Corporate Governance 2016 (NCCG), released in October 2016. The NCCG which provides corporate governance legislation for private and public sectors as well as not-for-profit organizations later was suspended by the federal government in November 2016 with a query to the FRCN from the then minister of trade and investment for overreaching itself and with a view to essentially explain the rationale for issuing the legislation following stiff opposition from various stakeholders. A committee was setup to quickly



resolve the issues with the FRCN and to come out with a harmonized corporate governance code for the whole country. Moreover, the council was provided with the required independence it needed to function effectively and promote higher standards of corporate governance and reporting in the public, private and non-profit sectors (FRCN Code, 2016).

The Nigerian Deposit Insurance Corporation (NDIC) as a public corporation, started implementing the policy of corporate governance right from the time it was introduced, but developed its governance cultural framework that works with the cooperate strategic plan over time. Since then, the practice of the code was evident and consistent with continuous improvement; especially when the Central bank of Nigeria issued a revised version of the code in 2016. Corporate governance practice in the NDIC is carried out through the committee of the board and cascaded down to all departments and units. The Financial Reporting Council (FRC) report noted with satisfaction that the level of compliance to set governance culture in the NDIC has undoubtedly increased the revenue base of the Federal Government of Nigeria. The report also, enjoined the management to continue to consolidate on its laudable achievements in compliance with section 23(3) of FRC 2013 and in pursuit of high standard in terms of financial discipline and governance (NDIC Annual Report, 2018).

The financial Reporting Council (FRC) stated that compliance with good corporate governance by bodies like NDIC who regulate deposit taking banks will go a long way in assuring its stakeholders that the corporation is both trustworthy and respectful and that every stakeholder will feel safe dealing with the corporation. The banking business, which NDIC regulates to alarge extent, is based on trust and public confidence and, as such, it is important to enthrone good corporate governance practices in the corporation for all banks to emulate. Thus, effective corporate governance practices are essential in achieving and maintaining public trust and confidence in both the money markets and the capital markets. Compliance to corporate governance is one of the surest ways to winning the war on corruption, which the federal government has embarked upon, as a matter of national priority.

Therefore, this work sets out to investigate the effect of corporate governance on the operational efficiency of the Nigerian Deposit Insurance Corporation (NDIC) between 2011 and 2018.

Statement of the Problems

This study investigates corporate governance and organizational efficiency in the Nigerian Deposit Insurance Corporation (NDIC) with focus on the effect of governance framework as a tool for enhancing corporate efficiency. Poor corporate governance practice is observed to be a cankerworm that affects organizations and has led to the collapse of many private and public entities across economic sectors including economically giant corporations, thereby weakening overall economic performance of a nation. It manifests in the sub-optimal deployment of organizations' resources with adverse macroeconomic implications. In the pace of trying to safeguard the sanctity of government regulated agencies from great political interference, policy compromise, multiplicity of regulators and enforcement mechanisms, slow and inefficient judicial process, inefficiency of workers, emerging governance risk, inadequate legal and regulatory framework; obvious ethical issues and to ensure attainment of global governance best practice, the federal government of Nigeria over time developed, issued, and monitored the implementation of corporate governance codes of best practices well-structured to enhance accountability, transparency, integrity, equity, fairness, and efficiency in organizational management.



The purpose is to help build an environment of trust, where mandates and corporate objectives is achieved with optimum efficiency; thereby supporting stronger economic and financial growth for more inclusive societies. In recent time, measuring corporate governance performance and efficiency has become so complicated, especially in the presence of dynamic corporate problems and conflict of interests among organizations with different stakeholders such as the NDIC. Different research was conducted on corporate governance issues by several scholars and researchers; however, very little attention was paid to the area of impact assessment of corporate governance on public agencies like the NDIC. Most of the studies conducted on the subject matter were discovered to have different focus or mismatch in concept or theory.

It is on this basis, that this study was designed to examine the relationship between the two study's variables with a view to determining their effect on policy character of the board members, performance efficiency and operational independence of the corporation.

Research Questions

- i. To what extent does corporate governance affect organizational efficiency in the NDIC?
- ii. How does corporate governance impact on productivity in the NDIC?
- iii. What role does corporate governance play in the quest to improve the supervisory role of the NDIC?
- iv. How does corporate governance affect the drive for transparency and accountability in the NDIC?
- v. To what extent does corporate governance affect stakeholders' relations in the NDIC?

Objectives of the Study

The general objective of this study is to critically examine the role, impact, and extent of compliance to corporate governance policy framework in enhancing the organizational efficiency by the Nigerian Deposit Insurance Corporation (NDIC).

Specifically, the study is to:

- i. To examine the extent to which corporate governance affects organizational efficiency in the NDIC.
- ii. To evaluate how well corporate governance has impacted on productivity in the NDIC.
- iii. To examine the role corporate governance has played in the supervisory role of the NDIC.
- iv. To assess how corporate governance has affected the drive for transparency and accountability in the NDIC
- v. To discuss the extent at which corporate governance has affected stakeholders' relation in the NDIC.

Research Propositions

The research will be guided by the following propositions:

- i. Good corporate governance practice positively affects organizational efficiency in the NDIC.
- ii. Corporate governance practice leads to higher productivity in the NDIC.
- iii. Corporate governance practice has improved the supervisory role of the NDIC.
- iv. Corporate governance practice enhances transparency and accountability in the NDIC
- v. Corporate governance practice enhances stakeholder's relation in the NDIC.

Conceptual Clarification

Corporate governance

Corporate governance as a concept has varied definitions which ultimately describes how companies are managed and controlled. The origin of the word governance can be found in



Latinwhere ‘gubernare’ means to rule or to steer. According to J. Wolfenshon, ‘Corporate governance is about promoting fairness, transparency and accountability.’ Good governance consists of sound public sector management (efficiency, effectiveness, and economy), accountability, exchange, and free flow of information (transparency), and a legal framework for development (justice, respect for human rights and liabilities)(World Bank, 1993).

According to Patnaik, corporate governance ‘potentially covers the entire gamut of activities having direct or indirect influence on the operational and financial health of the corporation’. It covers a broad range of fields, from leadership, economics and management to law and accounting, and thus varies depending on the particular focus one is addressing. From the perspective of this study, corporate governance is an instrument for implementing organizational objectives and a framework for satisfying all corporate stakeholders.

According to OECD, corporate governance is: “Procedures and processes according to which an organization is directed and controlled. The corporate governance structure specifies the distribution of rights and responsibilities among the different participants in the organization such as the board, managers, shareholders and other stakeholders and lays down the rules and procedures for decision-making.”, (OECD, 2004). According to the Financial Times one of the world leading business news and information organizations, also defined corporate governance as the way “How a company is managed in terms of the institutional systems and protocols meant to ensure accountability and sound ethics”. The concept encompasses a variety of issues, including the disclosure of information to shareholders and board members, the remuneration of senior executives, potential conflicts of interest among managers and directors, supervisory structures”. In general, corporate governance is the process of controlling and supervising the work of directors to ensure conformity between their benefits and that of shareholders. More broadly, it guarantees the advantages of all stakeholders, including suppliers, customers, employees, governments, etc. Corporate governance related directly to operating activities of the corporate Board of Directors (BOD), and extension relate straight to the relationship with company daily performance (Adebayo, M. Ibrahim A., O. Yusuf B. & Omah, 2014).

Governance in perspective

Governance refers to the set of rules, controls, policies, and resolutions put in place to dictate corporate behavior. Proxy advisors and shareholders are important stakeholders who indirectly affect governance. The board of directors is pivotal in governance, and it can have major ramifications for equity valuation. Most companies strive to have a high level of corporate governance. For many shareholders, it is not enough for a company to merely be profitable rather the level of achieving the organizational objectives matters. It also needs to demonstrate good corporate citizenship through environmental awareness, ethical behavior, and sound corporate governance practices.

Good corporate governance creates a transparent set of rules and controls in which shareholders, directors, and officers have aligned incentives. It is about promoting fairness, transparency, and accountability in the running of an organization.

The earliest definitions of corporate governance has been given by the economist and Nobel laureate, Milton Friedman in Claessens (2006) where he describes a corporate executive as an employee of the owners of the business. He has direct responsibility to his employers. Their responsibility is to conduct the business in accordance with the owner’s desires, which generally will be to make as much money as possible while conforming to the basic rules of society both those embodied in law and those embodied in ethical custom.



Organization

An organization in the context of this study, is a legal entity that is separate and distinct from its owners thus, possess many of the same rights and responsibilities as individuals. They can enter contracts, loan, and borrow money, sue, and be sued, hire employees, own assets, and pay taxes (Louis A. Allen,2013).

Therefore, in common parlance, the word ‘organization’ simply refers to institution, corporation, a private agency, government agency or business firm; all as organizations. Also, organization that are public in nature are far more complex, as it falls under federal laws or an established Act of the legislative arm of government requiring full and public disclosure of financial information to potential shareholders and to the government through other state regulatory bodies (Helmy H. Baligh,2006).

Organizational Efficiency

Organizational efficiency is an analysis of the level of a corporate's performance in comparison to the set goals and objectives. According to this research, it involves the determination of how best an organization uses resources for implementing its interventions. According to Walker, Damanpour, & Devece, (2011) it is the actual outcome measured against the intended or expected standard or outcomes of the organization activities. Key factors like financial performance, market outreach, and shareholder value performance are analyzed to determine the actual efficiency of an organization (Simmons & Iles, 2001).

Empirical literature

In recent time, corporate governance has received more attention from different countries, researchers, and corporate stakeholders due to the scandals and crises involving many corporations around the world. Researchers categorize corporate governance into a different field of study, but this study considered and reviewed corporate governance and its effect on organizational efficiency. The practice of corporate governance in organizations has evolved rapidly and recently, and its roles as stated have been noticeable globally. It has even been adopted by countries that have not yet regulated the adoption of corporate governance in their organizational settings. The reason for the global interest is that it underpins a company's operating framework. The adoption and implementation of the corporate governance practice is expected to benefit the owners, since they are committed to using the principles and mechanisms, which is broadly seen as an effective instrument of monitoring the activities of a company, particularly when the principles of disclosure and transparency are adopted (Grantham, 2021).

Therefore, the adoption and implementation of corporate governance in organizations can have a positive impact on decisions linked to existing and potential investors (Hebble and Ramaswamy, 2005). The bankruptcy and collapse of large US corporations such as WorldCom, Enron and Adolphia in 2008 and public awareness of these financial disasters has led investors to become increasingly abreast of organizations that are known for having good corporate governance practices to achieve and maintain a good reputation, since there is guidance for investors to prefer to invest in companies that adopt best corporate governance practices.

Additionally, as the information is available, shareholders and owners can access and evaluate decisions on constantly, in addition to the evaluation carried out by the analysts (Alabdullah, Yahya and Thurasamy, 2014).

Succinctly, the obvious and significant role of the corporate governance practices is pointed out with respect to the effect of these mechanisms on the performance of organizations (Alabdullah, 2016). Several studies prove the relationship between corporate governance and organizational





efficiency, but the results are inconsistent; some report positive results, and others are mixed: negative and positive from company performance (Alabdullah et al., 2016).

The earliest definitions of corporate governance has been given by the economist and Nobel laureate, Milton Friedman (cited in Claessens, 2006) who described corporate executive as an employee of the owners of the business. He has direct responsibility to his employers. Their responsibility is to conduct the business in accordance with the owner's desires, which generally will be to make as much money as possible while conforming to the basic rules of society both those embodied in law and those embodied in ethical custom. Apparently, in the present-day context, Friedman's definition is narrow in scope. It now encompasses the interests not only of the shareholders but also of many stakeholders. Perhaps the simplest and most common definition has been provided by Sir Adrian Cadbury (cited in Claessens, 2006) who defined corporate governance as "a system by which businesses are directed and controlled".

Standard and Poor (cited in Claessens, 2006), considered corporate governance to be 'The way a company is organized and managed to ensure that all financial stakeholders (shareholders and creditors) receive their fair share of a company's earning and assets.' In the words of Sir Sydney Lipworth (cited in Claessens, 2006), the former Chairman of the Financial Reporting Council of the UK, good corporate governance "ensures that the business is being soundly and effectively managed with risks being properly assessed and controlled".

Okike, (2007), has explained the nexus between corporate governance and organizational performance as the expression which is not capable of being precisely defined without the role of stakeholders. The role of corporate governance is to ensure that the directors of company are subject to their duties, obligations, and responsibilities to act in the best interest of their company, to give direction and to remain accountable to their shareholders and other beneficiaries for their actions.

Kajola, (2008) suggested the roles of corporate governance code were to outline the role of the board and management; the right and privileges of the shareholders; and the role of the audit committee. The overall objectives of all corporate laws including corporate governance codes are to protect the right and privileges of all stakeholders.

The functions of corporate governance are divided into two, internal control mechanism and external control mechanism. Corporate governance apparatus is twofold, internal, and external. Internal Corporate governance embodies giving precedence to owner's concerns and ensuring that the board checks on the performance of the top management (agents) serving as a link between management and the owners who are the shareholders. External corporate governance examines and controls executive actions by means of external policies concerning other stakeholders.

Corporate governance can be viewed from the shareholders' perspective, which essentially means the principals' motivation to maximize their value, or from the organizational perspective, in terms of controlling mechanisms to regulate and maintain business operations (Zingales, 1997). Similarly, Tricker (1984) argued, that governance is different from management; and involves setting the corporate direction, involvement in executive action, supervision, and accountability. Thus, corporate governance extends beyond the narrow confines of management, and comprises the systemic control, rules, and regulations of companies according to Gillan and Starks (1998).

Theoretical Framework

Stakeholder theory

According to Freeman (1984), stakeholder theory could be seen as a byproduct of the battles between Berle and Dodd in the 1930s. Dodd believed that corporate directors are the sole trustees of



corporations, as such; they must balance the interests of all constituents of companies and behave in a socially responsible manner. The idea can as well be traced back to 1963, when it was introduced to define “those groups without whose support the organization would cease to exist”. The theory was, therefore, a response to this challenge. This evolved, in part, because of the recognition of the complexity of strategy and the growing recognition that, there was a growing appreciation that corporations created value through the complex interaction of various networks of relationships. Stakeholder management has so become an important tool for transferring ethics to management practice and strategy (Phillips, 2003).

In general, the most widely known definition has been proposed by Freeman (1990) which states that “A stakeholder in an organization is (by definition) any group or individual who can affect, or is affected by, the achievement of the organization’s objectives.” Scholars like Hill & Jones, (1992), sees stakeholders as “groups of constituents who have a legitimate claim on the corporation” (Rajagopalan N., 2003).

The theory also provided a more comprehensive application of corporate strategy capable of analyzing and assessing the relationship between the two major variables in the research topic. The framework of stakeholder theory illustrates more clearly the relationships among the various groups of actors (stakeholders) in and around organization. In this theory, Freeman provided a holistic notional view of public corporation like the NDIC in a modern and simplified fashion. Therefore, the theory helped in investigating the relationship between corporate governance practice and organizational efficiency in the NDIC, determine the extent of corporate governance effect on one variable against another, in line with the Act that established the corporation.

It also determines the role of various stakeholders as required by the corporate governance policy framework and assisted in data generation from various stakeholders as suggested by Sir Freeman and in line with the research questions and objectives. This information equally determined the impact of the governance framework on the efficiency of the corporation (Ghosal, 2005).

The theory was found suitable for examining the effectiveness of supervisory function of the NDIC, their efficiency and productivity, their corporate social responsibility and appraising the drive for transparency and accountability and effectiveness of stakeholder’s relation.

The theory provided a good definition of all interested parties in the NDIC and how efficient the organization serves the best interest of its stakeholders. These and more were found germane to the demand of stakeholder theory. Since stakeholder theory is somewhat descriptive, instrumental, and normative in perspective, data generated were scientifically analyzed for the purpose of the research questions. The theory viewed the corporate entity like the NDIC as an ecosystem of sorts and as pointed out by Freeman, corporate stakeholders are those without whom the organization would not exist. A takeout from the principle of limited immortality which suggest the longevity of a corporation will be affected since no company can survive in the long run if it consistently fails to satisfy its stakeholders. The theory advocates for the following which are centerpiece to the corporate governance principles: interest of the shareholders, interest of other stakeholders and corporate social responsibility. In addition to shareholders, there should also be fairness in the treatment of all stakeholders including employees, communities, and other relevant government agencies.

Methodology

The survey design was used for collecting data from the study population to give a vivid description of corporate governance and its role in the improvement of organizational efficiency. The target population of the study which is 1644 was selected from the directorates, departments and units



handling Corporate Governance in the Nigerian Deposit Insurance Corporation (NDIC) and other regulators including some staff of selected Insured financial institutions and victims of failed financial institutions.

In selecting the sample size of 400 respondents on whom questionnaire were administered, the study adopted the sample size determination formula in Social Sciences propounded by Taro Yamane (1967). Out of this number, 10 were scheduled to be interviewed and the remaining were given questionnaire to fill and return. However, only 5 of the interviewees were available for the interviews as the remaining 5 excused themselves for other crucial office engagements. The questionnaires were administered on each sampled institution using the following formula. The sampling techniques used in this study are cluster sampling and the purposive or judgmental sampling techniques. The primary and secondary data collection method was used. Data were analyzed qualitatively using content analysis and the Statistical Packages for Social Sciences 20 (SPSS.20). The responses were coded using five-point Likert Scale with “A” coded as 1 “agree”, “SA” coded as 2 “strongly agree”, “N” coded as 3 “neutral”, “D” coded as 4 “disagree”, and “SD” coded as 5 “strongly disagree”. The content analysis technique was also employed for the analysis and interpretation of the interview responses.

Table 1: Research questions relating to research hypotheses and objectives

Questions	A	SA	N	D	SD	Total
That corporate governance in the NDIC is a framework for achieving corporate efficiency which is a collective responsibility of all stakeholders including it regulators.	69	171	68	49	29	386
That corporate governance framework in the NDIC supports the Board Members to achieve short and long-term strategic plan of the corporation through reviewing, understanding, and overseeing annual operating plans and budgets.	97	168	47	38	36	386
That the evidence of continuous and efficient improvement in the corporate operations, compliance with government policies and regulations, attending scheduled meetings/required training and proof of involvement in critical decision making by Board Members are some of the indices used by regulators to measure corporate governance effectiveness in the NDIC.	115	168	39	38	55	386
That corporate governance practice in the NDIC has significantly guaranteed depositors' funds' 90 days payment period for depositors of closed insured financial institutions, improved recovery process and public awareness, leading to percentage increase in number of complaints received from customers/victims of failed Money Deposit Institutions between 2011 to 2018.	65	59	99	85	78	386
That corporate governance framework in the NDIC	101	176	28	55	26	386



continually facilitates the performance management system and productivity-based-budgetary system toward improving productivity in the corporation.						
That corporate governance practice in the NDIC supports innovation as a primary foundation for the continuous improvement of staff and a tool for measuring productivity.	74	139	68	69	36	386
Corporate governance practice in the NDIC demonstrates the applications of Management by Objective System to determine staff productivity outputs over a period.	65	203	38	55	25	386
Corporate governance framework in the NDIC aligned with the updated core principles of International Association of Deposit Insurance (ADI) which reflect the need for effective deposit insurance in preserving financial stability and expansion of resolution tools to ensure more integration into the financial safety-net and achieved financial inclusion.	87	187	29	57	26	386
That corporate governance practice improved NDIC's delivery performance in the aspect of corporate social responsibility between 2011 and 2018.	139	89	59	64	35	386
That corporate governance practice in the NDIC enhanced various supervisory mechanisms on risk assessment, helped in setting up corporate risk appetite and impacted on the CAMEL model as recommended by the CBN's Economic Review Committee.	149	97	41	57	42	386
That, the impact of the Board Committee on corporate governance in NDIC helped in decreasing the numbers of Money Deposit Institutions from becoming insolvent or merged in Nigeria between 2011 and 2018	87	148	67	39	45	386
That corporate governance framework in the NDIC has significantly improved the role of resident examiners in banks, the on-site and off-site surveillance function of the corporation between 2011 and 2018.	152	113	61	25	35	386
That corporate governance practice enhances the supervisory function of the NDIC, foster monetary stability; promote an effective and efficient payment system which has significantly improved the financial system stability in Nigeria.	89	113	77	69	38	386
That corporate governance framework helped the NDIC in developing policy frameworks in the areas of risk-based supervision, early warning signals for detecting and measuring systemically important banks (SIBs) between 2011 and 2018.	96	125	69	47	49	386





That NDIC's Board Committee on corporate governance pursues internal controls and supports the Independent of Audit Committee to enhance transparency and accountability in the corporation.	107	131	55	49	44	386
That part of the corporate governance objectives in the NDIC are to help Board Members to operate with integrity, maintain sound character policy, achieved the corporate mandate at a best minimum cost and ensure the attainment of operational independence.	123	173	42	31	17	386
That corporate governance practice in the NDIC enhances the level of Board Members' disclosure to stakeholders and makes the corporate reporting function more effective.	103	137	43	82	21	386
That corporate governance framework encourages the NDIC's financial and technical support often offers to eligible financial institutions which make them more efficient and effective.	79	104	105	82	16	386
That corporate governance practice in the NDIC has significantly enhanced the process of regulatory returns and improved internal and external customer/stakeholders' relation.	83	79	42	43	39	386
That conflicting legislations from regulators and stakeholder, prolong debate over the revised NDIC Act, slow and inefficient judicial process are some of the major operational challenges affecting the effectiveness of corporate governance practice and overall functions of the NDIC	111	107	43	58	67	
Total	1991	2687	1120	1092	759	7334

Source: Research Computation, 2021

Data Validation, Results and Discussion of Research Findings

Validation of the first Proposition: Good corporate governance practice affects organizational efficiency in the NDIC.

In order to analyze the first proposition with the objective to know the effect of corporate governance on organizational efficiency in the NDIC, the question asked was, what is the effect of corporate governance on organizational efficiency in the NDIC?

The analysis therein reveals that corporate governance in the NDIC is a framework for achieving corporate efficiency which is a collective responsibility of all stakeholders including its regulators. This is strongly affirmed by over 70% respectively in all the four questions asked. The rate of undecided responses however stood at 10% and those that negated stood at 20%.





Validation of the Second Proposition: Corporate governance practice leads to higher productivity in the NDIC.

In order to analyze the second proposition with the objective to identify how well corporate governance has impacted productivity in the NDIC, the question asked was how well corporate governance has impacted productivity in the NDIC?

The analysis therein reveals that over 80% in all the four questions asked strongly affirmed that corporate governance framework in the NDIC continually facilitates the performance management system and productivity-based-budgetary system toward improving productivity in the corporation. And that corporate governance practice in the NDIC demonstrates the applications of Management by Objective System to determine staff productivity outputs over a period and that corporate governance framework in the NDIC aligned with the updated core principles of (IADI) which reflect the need for effective deposit insurance in preserving financial stability and expansion of resolution tools to ensure more integration into the financial safety-net. The rate of the undecided respondents stood at an average of 6% while those that disagree stood at 14% in all.

Validation of the third proposition: Corporate governance practice has improved the supervisory role of the NDIC.

In order to analyze the third proposition with the objective of finding out if corporate governance improved the supervisory role of the NDIC, the question asked was, has corporate governance improved the supervisory role of the NDIC?

The analysis therein reveals that over 70% in all the four questions asked strongly agreed that corporate governance practice has improved NDIC's delivery performance in the aspect of corporate social responsibility within the period under review, and that corporate governance practice in the NDIC enhanced various supervisory mechanisms on risk assessment, helped in setting up corporate risk appetite and impacted on the CAMEL model as recommended by the CBN's Economic Review Committee.

Validation of the fourth proposition: Corporate governance practice enhances transparency and accountability in the NDIC.

In order to analyze the fourth proposition with the objective to find out the extent at which corporate governance has enhanced transparency and accountability in the NDIC, question asked was how well is the extent at which corporate governance has enhanced transparency and accountability in the NDIC?

The analysis therein showed that over 70% in all the four questions asked strongly affirmed that corporate governance practice enhances the supervisory function of the NDIC, foster monetary stability; promote an effective and efficient payment system which has significantly improved the financial system stability in Nigeria. They also affirmed that corporate governance framework helped the NDIC in developing policy frameworks in the areas of risk-based supervision, early warning signals for detecting and measuring systemically important banks (SIBs), that NDIC's Board Committee on corporate governance pursues internal controls and supports the Independent of Audit Committee to enhance transparency and accountability in the corporation as well as, that part of the corporate governance objectives in the NDIC are to help Board Members to operate with integrity, maintain sound character policy, achieved the corporate mandate at a best minimum cost and ensure the attainment of operational independence.

Validation of the fifth proposition: Corporate governance practice enhances stakeholder's relation in the NDIC.



In order to analyze the fifth proposition with the objective to examine the extent at which corporate governance has improved stakeholder's relation in the NDIC, the question asked was, to what extent does corporate governance improve stakeholder's relation in the NDIC?

The analysis therein revealed that over 73% in all the four questions asked responded on the affirmative that corporate governance practice in the NDIC enhances the level of Board Members' disclosure to stakeholders and makes the corporate reporting function more effective, that corporate governance framework encourages the NDIC's financial and technical support often offers to eligible financial institutions which make them more efficient and effective, that corporate governance practice in the NDIC has significantly enhanced the process of regulatory returns and improved internal and external customer/stakeholders' relation and that conflicting legislations from regulators and stakeholder, prolong debate over the revised NDIC Act, slow and inefficient judicial process are some of the major operational challenges affecting the effectiveness of corporate governance practice and overall functions of the NDIC

Conclusion

The incidence of high profile corporate failures in recent times, as a result of poor corporate governance culture inherent in organizations which are entities that create economic value for the nation have spurred the need for the establishment of codes of corporate governance best practices for public and private corporation. Corporate governance has enhanced Board and management performance, increases operational efficiency, stakeholder confidence and prevents situations that will reduce shareholders value, waste, and inefficiency.

The study has showed that corporate governance affects organizational efficiency in no small way and this has impacted on the productivity of NDIC. Corporate governance has also played major supervisory role in ensuring quality service delivery in the NDIC. The study has also been able to show that corporate governance has affected the drive for transparency and accountability and this has affected stakeholders' relation in the NDIC.

Recommendations

Based on the research findings the following recommendations were made:

- i. The corporation must be a strategy for achieving smooth and efficient payment system of authorized deposit sum to victims of insured financial institution within the approved 90 days period to enhance their operational efficiency.
- ii. There should be a framework for continuous health check on the NDIC's corporate governance policy through a systematic review within a given period to ensure their effectiveness and to ascertain their strengths and weaknesses.
- iii. The Board sub-committee on corporate governance and corporate strategy department should come up with framework that will increase the level of public awareness campaign on the activities of the NDIC through different kinds of media outlet using different languages particularly in the rural areas where most of the micro finance banks exit.
- iv. NDIC should develop a software model that can monitor the real time activities of the micro-finance bank across the country for quick rescue of any one on the verge of collapse as majority of their clients are local.
- v. There should be a review of policies and procedures like corporate governance framework regularly to ensure they are effective as well as for feedback and using it to improve services and performance.





- vi. Issuing code of corporate governance in Nigeria should be the sole responsibility of the Financial Reporting Council of Nigeria FRCN to address the challenge of multiple codes issuing authorities in the country.

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