

The Effect of Corporate Governance Practices on the Performance of Micro Finance Bank (A Study of Selected Microfinance Banks In Uyo)

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INTRODUCTION

The main function of microfinance bank is the provision of financial service to the poor, who are traditionally difficult to obtain facility or being served by the conventional banks. These financial services include credit, savings, Micro-leasing, money transfer, financing of small and medium scale business, lapo, and payment service. The features that distinguish microfinance banks from other forms of financial institutions are short term loans advanced and saving collect, near absence of asset-based collateral and simplicity of operations. Microfinance bank can also be viewed as a poverty alleviation strategy which operates by providing credit and other financial services to economically active and low income household and their businesses. To achieve these alleviation objectives, micro finance bank helps the poor to increase their capital, resulting in the increase of their income, build various small scales and increase employment [1].

In the past few years, microfinance bank has not been performing in full capacity to achieve their goals and objective. Different studies from different researchers have tried to point out reasons for their poor performances. This reason could be; the lack of basic infrastructures which compounds the operational difficulties of microfinance banks. They are ordinarily faced by high operational cost because of their nature of business and regular changes in government policies. In addition to these, the banks are further inhibited by corruption, frauds, forgeries and poor corporate governance practices. In this study, great attention is paid to corporate governance practices as one of the reasons of Microfinance bank problem or constrain [2].

Corporate governance broadly refers to the mechanisms, processes and relations

of which corporations are controlled and directed. Governance structures identify the contributions of right and responsibilities among different participants in the corporation (such as the board of directors, managers, shareholders, creditors, auditors, regulators, and other stakeholders) and include the rules and procedures for making decision in corporate affairs [3].

The relationship between good corporate governance practices and performance of banks has been established by the previous researchers. However, most of these studies focus on big firms and commercial banks. This study therefore is aimed at examining the effect of corporate governance practices on small firms like Microfinance Banks.

Statement of the Problem

The magnitude of corporate scandals and failures of microfinance banks has been on the increase in recent times. For instance, a recent examination of all the microfinance banks in Nigeria revealed that out of 820 MFBs examined, 224 representing 24% were found to be “terminally distressed” and “technically insolvent” and has closed. Hence, their licenses were withdrawn [4]. These scandals and failure affect the performance of Micro finance Banks.

Although several studies have been inducted in the area of corporate governance and performance of banks, most of them are targeted on the commercial banks and aim at ascertaining the effect of corporate governance on the quality of accounting reports and the performance of the firm [5] [6] [7]. These studies have not examined microfinance bank and the cord of corporate governance practices to be used in other to measure their performance. This study therefore is to examine the effect of good corporate governance practices in microfinance banks and to measure their

performance through the use of performance indicators such as average turnover, growth rate of turnover, net profit, average growth rate of banks profitability and return on capital/investment.

Research Objectives

- I. To examine the transparency in corporate governance practices on performance of Microfinance bank in Uyo.
- II. To find out whether accountability practices of Microfinance banks comply with code of conduct of banks in Nigeria.
- III. To investigate the relationship between security and the performance of Micro finance banks in Uyo.

Research Questions

- I. To what extent does transparency of corporate governance practices affect the performance of microfinance banks in Uyo?
- II. To What extent does accountability practice of Microfinance banks comply with code of conduct of banks in Nigeria?
- III. What are the relationship between security and the performance of microfinance banks in Uyo?

Research Hypothesis

- I. **Ho!** There is no significant relationship between transparency in corporate governance practice and the performance of micro finance banks in Uyo.
- II. **Ho!** There is no significant relationship between accountability practices of Micro finance banks in Uyo and the code of conduct of banks in Nigeria.
- III. **Ho!** There is no significant relationship between security and the performance of microfinance bank in Uyo.

Significant of the Study

Generally, microfinance banks play an important role in the economy of any country and their (good or poor)

performance invariably affects the economy of the country. Poor corporate governance practices may contribute to microfinance bank failures which can reduce their effectiveness and development in the country and thereby affect standard of living. Poor corporate governance practices can also lead markets to lose confident in the ability of the bank to properly manage its assets and liabilities including depositor's funds which could in turn trigger liquidity crisis [8]. This project therefore will provide typical information as a guide to the management and board of directors of Microfinance Banks in their operations and to maintain a good governance system. In addition, it will provide useful information to the shareholders, customers and those who intend to transact business with Microfinance Banks, such as of loans, overdraft, business financing [9].

Furthermore, it will serve as a useful guide to other researchers especially students who may be interested in further research undertaken in this regard [10].

Scope and Limitation of the Study

Considering 2006 as the year of initiation of post consolidation governance codes for the Nigerian banking sector, this study investigates the effect of corporate governance practices on the performance of microfinance banks. Microfinance banks in this study are limited to only those regulated by the CBN [11]. Hence all unregistered and unregulated microfinance such as OSUSU are excluded in this study. Also, Microfinance Banks are privately owned organizations and as such, their financial statements are not often published. The inability to collect financial statement from this banks to measure their performance resulted to the issuance of questionnaires to the banks staffs towards the provision of Information relating to their Corporate Governance Practices and their performance have combined to restrict the efforts of the researcher [12]

METHODOLOGY

Research Design

Research design refers to the overall strategy that a researcher chooses to integrate the different components of the study in a coherent and logical way. For this study, the survey research method is adopted [13]. A descriptive survey

research method is the technique of gathering data by asking questions to people who are thought to have the desired information through questionnaire and personal interview.

Population of the study

A total of 6 out of 25 micro finance banks in Uyo were selected using a random sampling method. Among the 6 selected

Micro Finance Bank, there are a total of 119 employees These numbers constitute the population of the study.

S/N	Name of Banks	No. of Employee's
1	Akwa Saving and Loan Limited	18
2	Stanford Micro-finance Bank	32
3	Lapo Micro-finance Bank	29
4	Capital Bridge Micro-finance Bank	16
5	Palmcoast Micro-Finance Bank	13
6	Brooks Micro-finance Bank	11
	Total	119

Source: Field Survey, 2018

Sample Size

Using the 119 population of the study, Taro Yamme's formula for sample size determination was used to get the sample size as follows;

$$n = N$$

$$1 + N (e)^2 \text{ Where:}$$

N =	Population
n =	the size of significance error
e =	level of significant error = 0.05 or 5%
n =	119
n =	$1 + 119 (0.05)^2$
n =	$1 + 119(0.0025)$
	$\frac{119}{1 + 119(0.0025)}$
—	$\frac{119}{1 + 0.2975}$
	$\frac{119}{1.2975}$
=	92 sample size

Hence, a total sample of 92 employees' in different micro-finance banks in Uyo was randomly selected for the study.

Sampling Techniques

Sampling is a process through which a portion of a population is selected for a study. A random sampling technique is used to draw from the population which is the sample size used for this study

[15]. This method of sampling technique offered each element in the population an equal chance of being selected.

Source of Data/ Method of Data Collection

In this study primary and secondary data was used. The primary data used is the structured questionnaire [16]. The secondary data covers series of different

research materials ranging from books, internet sources, journals and projects.

Validation of Instrumentation

Validation is the giving of questionnaire items for experts to make corrections, comment and professional input. The instrument was given to three validates in the department of Accounting Akwa Ibom State University for face validation as well as the supervisor in charge of the research work in the department of accounting for critical review and corrections in relation to the research questions [17]. The input and correction from these validates were used in modifying the questionnaire items. The essence of the validation was to ascertain the appropriateness of the instrument for the study.

Reliability of Instrument

Reliability (internal consistency) and validity (face and construct validity) was considered when selecting the

instruments. Validity is the degree to which an instrument measures what it is supposed to measure. In order to prove that the instrument used were valid, the questionnaire was given to the supervisor in charge and statisticians for proper scrutiny [18]. This was done to test the usefulness of the instrument as well as to ensure that they possess the characteristics which a good measuring instrument should have. In order to maximize the reliability, the supervisor in charge helps to ensuring that the question in the questionnaire was not ambiguously presented to the respondents.

Data Analysis technique

Descriptive statistic used was appropriate to check the frequencies of the variables. While Chi-square (χ^2) and the contingency coefficient analysis (C) was used to test the different hypothesis.

The Chi -Square (χ) statistical formula is denoted as:

$$C = \frac{\sqrt{\frac{\sum (F_o - F_e)^2}{N}}}{\sqrt{X^2 + N}}$$

Where χ^2 = Chi-Square

F_o = Observed frequency

F_e = Expected frequency

Σ = Summation sign

Contingency coefficient (C) can be computed using the understated formulae;

Where X^2 - the computed chi-square value

N = the total of all values in the

Table.

This test is based strictly on the primary data gotten from the use of questionnaire.

Decision Rule: Reject Null Hypothesis if calculated value of (χ^2) is greater than the critical value and accept Null Hypothesis if calculated value of (χ^2) is less than the critical value.

The Degree of Freedom = (n - 1) (c - 1)

Where Df =Degree of Freedom

n = Number of Rows

c = Number of Columns

PRESENTATION AND ANALYSIS OF DATA

Data Presentation

This chapter is concerned with the presentation and analysis of the response to the questionnaire administered to the Staff of selected Micro Finance Bank in Uyo. The questionnaire earlier stated was distributed among the accounting officers and audit committees and satisfactory

responses were received from them [. The responses gotten from the questionnaires were presented in tabular forms and were further analyzed using simple method stated below as;

$$\frac{\text{Total respondent}}{\text{Total number of questionnaire}} \times \frac{100}{1}$$

Data Analysis

Table .1 Distribution of Questionnaire and Response Rate

Copies of Questionnaires	Frequency	Percentages (%)
Questionnaire Returned and used	81	88.0
Questionnaire not Returned	11	12.0
Total	92	100%

Source; Field Survey, 2018.

The table above shows that out of total of 92 copies of questionnaires distributed to all the employee's of selected Micro

Finance Bank in Uyo. 81 (88.0%) were properly filled and returned while 11 (12.0%) were not returned

Table 2: Sex Distribution of Respondents

Sex	Frequency	Percentage %
Male	43	53.1
Female	38	46.9
Total	81	100%

Source: Field Survey 2018

The table show that out of the 81 respondents, 43 (53.1%) were male, while

38 (46.9%) were females.

Table 3: Age Distribution of Respondents

Age	Frequency	Percentage %
18-27	6	7.4
28-37	24	29.7
38-47	41	50.6
48 and above	10	12.3
Total	81	100%

Source: Field Survey 2018

Table 3 above shows that 6 respondents (7.4%) age between 18-27 years, 24 respondents (29.7%) were 28-47 years and 41 respondents (50.6%) while 10 respondents (12.3%) were 48and above years.

Table 4: Respondents of workers Position in the Banks

Positions	Frequency	Percentage %
Director/ CEO	6	7.4
Managers	6	7.4
Marketers	44	54.3
Security	19	23.5
Agents	6	7.4
Total	81	100%

Source: Field Survey 2018

The table above responds workers position of respondents. It shows that the majority i.e. 54.3% were marketers.

Table 5: Educational Qualification of Respondents

Qualification	Frequency	Percentage %
SSCE	22	27.2
ND	21	25.9
HND/BS.c	23	28.4
MS.c	14	17.3
Phd	1	1.2
Total	81	100%

Source: Field Survey 2018

The table above shows that out of 81 respondents, 22 (27.2%) were SSCE holders, 21 respondents (25.9%) were ND, 23 respondents (28.4%) were HND/ BS.C and 14 respondents (17.3%) while 1 respondent (1.3%) respectively.

Table 6: Does transparency of corporate governance practices affect performance of your bank?

Response	Frequency	Percentage %
Yes	62	76.5
No	19	23.5
Total	81	100%

Source: Field survey 2018

Table .6 above shows that out of 81, respondents 62 (76.5%) say that transparency of corporate governance

practices affect performance of your bank while 19 respondents (23.5%) say no.

Table 7: Does accountability practices of micro finance banks in Uyo comply with the code of conduct of banks in Nigerian?

Response	Frequency	Percentage %
Yes	72	88.9
No	9	11.1
Total	81	100%

Source: Field survey 2018

Table 7 above shows that out of 81 respondents, 72 (88.9 %) say that accountability practices of micro finance

banks in Uyo comply with the code of conduct of banks in Nigeria while 9 respondents (11.1%) say no.

Table 8: Does security department in your banks influence the performance of micro finance banks in Uyo?

Response	Frequency	Percentage %
Yes	56	69.1
No	25	30.9
Total	81	100%

Source: Field survey 2018

The table above shows that out 81 respondents 56 respondents representing 69.1 % say that security department in

your banks influences the performance of micro finance banks in Uyo while 25 respondents representing 30.9% say no.

Table 9: Are the member of the family occupying the positions of chairman and MD/CEO at the same time?

Response	Frequency	Percentage %
Yes	11	13.6
No	70	86.4
Total	81	100%

Source: Field survey 2018

Table 9 shows that out of 81 respondents, 11 (13.6 %) say the member of the family occupies the positions of chairman and MD/CEO at the same time while 70 respondents (86.4%) say no.

Table 10: Does your banks have an audit committee?

Response	Frequency	Percentage %
Yes	44	54.3
No	37	45.7
Total	81	100%

Source: Field survey 2018

Table 10 shows that out of 81 respondents, 44 (54.3 %) say yes that their banks have an audit committee, while 37 respondents (45.7%) say no.

Table 11: How many members of the audit committee are professional accountants?

Response	Frequency	Percentage %
None	21	25.9
One	6	7.4
Two	23	28.4
Three above	31	38.3
Total	81	100%

Source: Field survey 2018

The result indicate that majority of audit committee are professional accountants in micro-finance banks of Akwa Ibom State, uyo.

Table 12: Does your banks have risk management committee?

Response	Frequency	Percentage %
Yes	52	64.2
No	29	35.8
Total	81	100%

Source: Field survey 2018

The result has it that out of 81 respondents, 52 (64.2 %) say yes that their banks have risk management committee while 29 respondents (35.8%) say no.

Table 13: Does your banks have governance/nomination committee?

Response	Frequency	Percentage %
Yes	43	53.1
No	38	46.9
Total	81	100%

Source: Field survey 2018

The table above shows that out of 81 respondents, 43 (53.1%) say yes that their banks have governance/nomination committee while 38 (46.9%) say no to the view.

Table 14: Is the remuneration of the MD and executive directors linked to performance?

Response	Frequency	Percentage %
Yes	53	65.4
No	28	34.6
Total	81	100%

Source: Field survey 2018

The table above shows that out of 81 respondents, 53 respondents (65.4 %) say yes that the remuneration of the MD and executive directors linked to performance while 28 respondents (34.6%) say no to the view.

Table 15: Does the bank have a structure to independently verify the integrity of their financial reports?

Response	Frequency	Percentage %
Yes	66	81.5
No	15	18.5
Total	81	100%

Source: Field survey 2018

The table above shows that out of 81 respondents, 66 respondents representing (81.5 %) say yes that banks have a structure to independently verify the integrity of their financial reports while 15 respondents (18.5%) say no to the view.

Table 16: How would you rate the financial performance of Micro Finance Bank?

Response	Frequency	Percentage %
Excellent	33	40.8
Very goods	21	25.9
Goods	18	22.2
Poor	9	11.1
Total	81	100%

Source: Field survey 2018

The above table shows that out of 81 respondents, 33 (40.7%) rate excellent on their financial performance of Microfinance Bank, 21 (25.9%) rate very goods and 18 (22.2%) rate goods while 9 (11.1 %) rate poor on financial performance of their banks.

Table 17: What is the average turnover of your bank premium?

Response	Frequency	Percentage %
1m-5m	6	7.4
5m-10m	18	22.2
10m-15m	38	46.9
Above N 20m	19	23.5
Total	81	100%

Source: Field survey 2018

Table 17 shows that out of the of 81 respondent, 6 (7.4%) response that average turnover of their bank premium is NI- N5m,18 respondents say N5m-

10m and 38 respondents say NI0m- 15m while 19 respondents say that average turnover of their bank premium is above N20m.

Table 18: What is the average growth rate of your bank's profitability?

Response	Frequency	Percentage %
1-5%	4	4.9
5-10%	17	21.0
10-15%	24	29.6
15-20%	36	44.4
Total	81	100%

Source: Field survey 2018

The table above shows that out of 81 respondents, 4 (4.9%) response that average growth rate of their bank's profitability is 1- 5%, 17 respondents say 5-10% and 24 respondents say 10-15% while 36 respondents say that average growth rate of their bank profitability is 15-20%.

Test of Null Hypotheses

Hypothesis 1

HOi: There is no significant relationship between transparency in corporate governance practice and performance of micro-finance bank in Uyo.

To test this assumption, the following formula is used:

$$X^2 = \frac{(Fo - Fe)^2}{Fe}$$

Fe

Where O =The Observed of the data

E = The Expected Value

Table 19: Chi-square Distribution on Hypothesis (1) One

Response	Frequency	Percentage %
Yes	62	76.5
No	19	23.5
Total	81	100%

Source: Field survey 2018

Table 20: Chi-Square Tests for Hypothesis 1

Responses	Fo	Fe	Fo-Fe	Fo-Fe ²	$\frac{Fo-Fe^2}{Fe}$
Yes	62	40.5	21.5	462.3	11.4
No	19	40.5	-21.2	449.4	11.1
Total	81	81			22.5

Source: Field Survey, 2018.

Degree of freedom =(c-1)

= 2-1

= 1

Calculated chi-square = 22.5

Contingency coefficient (C) computed using the understated formulae;

$$C = \sqrt{\frac{X^2}{X^2 + N}}$$

Observed frequency = 81

Expected frequency =22.5

$$C = \sqrt{\frac{22.5}{22.5 + 81}} = 0.22$$

Decision (1)

Since the calculated value 0.22 is less than the critical value (table value) 0.47 we therefore, accept the null hypothesis which states that “There is no significant relationship between transparency in corporate governance practice and performance of micro-

finance bank in Uyo”. Therefore, reject the alternative hypothesis.

Hypotheses 2

HO₂: Accountability practices of micro-finance bank in Uyo does not comply with the code of conduct of banks in Nigeria

To test this assumption, the following formula is used: $X^2 = \frac{(Fo-Fe)^2}{Fe}$

Where O =The Observed of the data
E = The Expected Value

Table 21: Chi-square Distribution on Hypothesis (2) Two

Response	Frequency	Percentage %
Yes	72	88.9
No	9	11.1
Total	81	100%

Source: Field survey 2018

Table 22: Chi-Square Tests for Hypothesis 2

Responses	Fo	Fe	Fo-Fe	Fo-Fe ²	$\frac{Fo-Fe^2}{Fe}$
Yes	72	40.5	31.5	992	24.5
No	9	40.5	-31.5	992	24.5
Total	81	81			49.0

Source: Field Survey, 2018.

Degree of freedom =(c-1)
= 2-1
= 1

Calculated chi-square = 49.0
Contingency coefficient (C) computed using the understated formulae;

$$C = \sqrt{\frac{X^2}{X^2 + N}}$$

Observed frequency = 81
Expected frequency =22.5

$$C = \sqrt{\frac{49.0}{49.0 + 81}} = 0.38$$

Decision (2)

Since the calculated value 0.38 is less than the critical value (table value) 0.62 we accept the null hypothesis which state that “Accountability practices of micro-finance banks in Uyo does not comply with the code of conduct of banks in Nigeria”, and reject the alternative hypothesis.

Hypotheses 3

HO₂: There is no significant relationship between security in corporate governance practice and performance of micro-finance banks in Uyo

To test this assumption, the following formula is used: $X^2 = \frac{(Fo-Fe)^2}{Fe}$

Fe
Where O =The Observed of the data
E = The Expected Value

Table 23: Chi-square Distribution on Hypothesis (3) Three

Response	Frequency	Percentage %
Yes	56	69.1
No	25	30.9
Total	81	100%

Source: Field survey 2018

Table 24: Chi-Square Tests for Hypothesis 3

Response	Fo	Fe	Fo-Fe	Fo-Fe ²	Fo-Fe ² / Fe
Yes	56	40.5	15.5	240	5.93
No	25	40.5	-15.5	240	5.93
Total	81	81			11.9

Source: Field Survey, 2018.

Degree of freedom =(c-1)

= 2-1

= 1

Calculated chi-square = 11.9

Contingency coefficient (C) computed using the understated formulae;

$$C = \sqrt{\frac{X^2}{X^2 + N}}$$

Observed frequency = 81

Expected frequency =22.5

$$C = \sqrt{\frac{11.9}{11.9 + 81}} = 0.13$$

Decision (3)

Since the calculated value 0.13 is less than the critical value (table value) 0.36 we therefore, accept the null hypothesis which states that “There is no significant relationship between security in corporate governance practice and performance of micro-finance banks in Uyo”. Therefore, reject the alternative hypothesis.

DISCUSSION OF FINDINGS

For the true realization of this work, three (3) hypothesis were formulated, Questionnaire and interview schedule prepared with which the researcher got varying responses from the employees of selected micro-finance banks in Uyo [19] [20]. The data collected were tabulated and analyzed using the chi-square method. In the entire hypothesis tested, the null hypotheses were rejected and the alternative accepted.

To test hypothesis one, the variable for the transparency for corporate governance was significant with the financial performance of the micro-finance banks, Uyo [21]. The result shows that out of the 62 respondents that said transparency of corporate governance practices affect the performance of micro-finance banks, 33 also agreed that the rate of financial performance of the micro finance bank

is excellent, 21 agreed that it is very good and 8 said it is good. Among the 19 respondents that said that transparency of corporate governance practice does not affect performance of micro finance banks, 10 also that the rate of financial performance of the MBF is good and 9 said it is poor [22]. Therefore, the result also shows that there is a significant relationship between transparency in corporate governance practice and performance of micro-finance bank in Uyo.

The result in hypothesis two shows that out of the 72 respondents who says that accountability practices in your microfinance banks in Uyo comply with the code of conduct of Nigeria banks while 9 respondents said no [23]. Therefore, accountability practices of microfinance banks in Uyo does not comply with the code of conduct of

banks in Nigeria”

In hypothesis three, the variable for the security practices for corporate governance was significant with the financial performance of the micro-finance banks [24]. The result shows that out of the 56 respondents that said security practices of corporate governance affect the performance of micro-finance banks, 23 respondents also agreed that the rate of financial performance of the micro finance bank is excellent, 16 agreed that it is very

good and 9 said it is good. Among the 25 respondents that said that security practices of corporate governance does not affect performance of micro finance banks, 15 respondents also that the rate of financial performance of the MBF is good and 10 said it is poor [25]. Therefore, the result also revealed that there is a significant relationship between security practice and performance of micro-finance bank, Uyo.

SUMMARY OF FINDINGS

From the analysis in chapter four, this study reveals that the transparency, accountability and security practices of micro finance banks in Uyo has comply with the code of conduct of banks in Nigeria, bank’s directors and the professional qualification of the members of the Audit Committee are significantly but negatively related to the financial performance of Microfinance Banks in Uyo while the shareholder remuneration and other components of corporate governance practices disclosed are significantly positive though weak in relationship with their performance [26].

The number of members in the board of directors of the Microfinance Banks in

Uyo is not in compliance with the codes and the banks have a few numbers of Non Executive Directors in the board [27].

Though the board has an Audit Committee which is in full compliance with the code, a few number of the Audit Committee members are independent directors, a few of them also are professional accountants [28]. This really affects the performance of the bank because for their financial statements to rate excellent, the members of the Audit Committee should be professional accountants and should be well versed in financial matters. Also, a greater number of them should be independent directors.

CONCLUSIONS

It is to be observed that Nigeria has an elaborate provision for corporate governance [29]. However, it would seem that most of them are not properly enforced. From the analysis in chapter four, the results show that Microfinance Banks are not performing well as a result of poor corporate governance practices which have led to recent financial crisis in the banking sector. The effectiveness of good corporate governance practices in Microfinance Banks depends on the strength of the board of directors.

Furthermore, this study concludes that a negative relationship exist between bank performance and the board

size/proportion of non executive directors and Audit Committee which are the essential components of corporate governance practices in microfinance banks [30]. Though the Microfinance Banks in Uyo practice corporate governance, it is not in line with the CBN codes of corporate governance for banks.

Finally, from the analysis in chapter four, a strong relationship exist between corporate governance practices and the performance indicators used which means that poor compliance with the codes leads to poor performance and vice versa.

RECOMMENDATION

Based on the findings of this research, the following recommendations are presented which will be useful to microfinance banks, shareholders, stakeholders, and investors.

Microfinance Banks should comply fully with the provisions of the CBN codes of corporate governance for banks. Efforts

to improve transparent corporate governance should focus on the board members of the banks since it positively relates with to the future operating performance of the banks.

Proponents of the Audit Committee should note the negative relationship that exists between the professionals in

the Audit Committee and the performance of the bank. The professional accountants in the Audit Committee should concentrate on the financial affairs of their institution rather than leaving the work for non professionals.

An effective legal framework should be developed that specifies the rights and obligations of microfinance banks, its directors, shareholders, specific

SUGGESTION OF FURTHER RESERACH

This research has opened a new area of research which other researchers can follow:

i. To conduct detailed researches in each of the financial institution in

disclosure requirements and provide for enforcement of the law.

Finally, there is need to set up a corporate body saddled with the responsibility of collecting and collating Corporate Governance related data for Microfinance Banks and reviewing their practices to conform to the provision of the CBN code of Corporate Governance for Banks.

Nigeria

ii. To examine the effect of corporate governance mechanism on performance of financial institution in Nigeria

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