

Impact of Corporate Governance on the Operations of the Nigerian Deposit Insurance Corporation (NDIC)

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Abstract

Corporate governance in the NDIC is a practical framework, supporting the corporation to achieve its set operational objectives through its strategic plans in line with the standards of International Association of Deposit Insurance (IADI) particularly with regard to speedy reimbursement of approved deposits guarantee sum to victims of failed financial institutions within the specified period. This has become a challenge partly due to prolonged debate by the National Assembly over the revised NDIC Act which contained a new framework and or delay in dispensing justice by the Nigerian judicial system. These called for continuous review of the NDIC's corporate governance policy using stakeholder theory with a view to examine the impact of corporate governance framework on NDIC's performance. To achieve these objectives a survey research design was employed using 1644 population with a sample size of 400 respondents selected using Taro Yamane (1967) formula and complemented by secondary data. Cluster sampling and purposive sampling techniques were used to analyse data. The result indicated that the framework as tied to the corporate strategic plans has significantly impacted on the corporate commitment to achieving core operational mandates, but neither effectively increase the level of public awareness, nor ensure efficient payment system to victims of failed insured institutions within the required 90 days. The study recommends more effective awareness campaign through different medium for broader financial inclusion. Also, the National Assembly should expedite action toward assenting the reversed NDIC Act and establish a special court to handle only matters relating to failed financial institutions in Nigeria which should guide the corporate governance framework for easy cascading to various department and units for optimum performance.

Introduction

The impact of public corporation to the survival of nation's economy cannot be over emphasized. Worldwide, the rate of corporate abuse and manifestation of poor corporate governance practice was observed to be a cankerworm that affects organization's operational efficiency in both private and public sphere. This evolved, in part, because of the recognition of the complexity of strategy and the growing recognition that, that corporations most create value through the complex interaction of various networks of relationships among all interested parties. Stakeholder management has so become an important tool for transferring ethics to management practice and strategy.

The recent history of corporate failure involving giant corporations from including economically giant nations around the world is still fresh in our memory. Corporations that were assumed to be doing extremely well were suddenly found in the web of collapsed list like the Enron Company and other most epic corporate downfalls of all time is still fresh in the memory. These collapsed were largely associated to the failure in the organizational architecture, ineffective corporate governance framework that gave rooms for dubious accounting practices and resulted in the bankruptcy of the corporations. The implication of these crises of corporate mismanagements and obvious professional abuses by those trusted to manage the affairs of both private and public corporations which resulted in changes towards the regulatory policies concerning the policies on corporate governance, accounting, and auditing worldwide and consequently to the review of corporate governance practices around the world.

Different measures were taken to strengthen the corporate governance practice, with a view to mitigate risk and to avert corporate failure. This paper starts by providing an overview of corporate governance system with an emphasis on the corporate organizational architecture as its important facet as well as the aspect of corporate reporting that often checks the level of compliance to regulations, transparency accountability and stakeholder relations made so easy by modern day technology.

Any challenge affecting the smooth running or hindering corporation like the NDIC from achieving it operational mandate should be a source of concern to all stakeholders including academicians at least for its significant in guaranteeing the hard-earned lifesaving of an average Nigerian who was encouraged to patronize the services of the modern day financial institutions through the public policy objectives of the NDIC. Good corporate governance in public corporation like the NDIC can affect the overall economic growth and development of the nation through income generation to government by collecting premium, capital formation, and provision of infrastructure through corporate social responsibility employment opportunities and greater job stability, higher wages, and better health and retirement benefits which have significant impact on the life cycle of the citizens and the economy.

Corporate governance review in Nigeria passed through several transformation and modification over time. But the principal statute regulating companies in Nigeria today is the Companies and Allied Matters Act Cap. C20, 2004. The current statute

was the product of a rigorous process led by the Nigerian Law Reform Commission.

Therefore, at the beginning, corporate governance code in Nigeria was the Code of Corporate Governance for Banks and Other Financial Institutions issued by the Bankers Committee in August 2003. The regulation was introduced in response to the financial crisis of the 1990s mainly focusing on appointments, board proceedings, board responsibilities, and assessment and audit committees; but unfortunately, this code did not have much impact. The 2003 Security and Exchange Commission's 17-member committee, headed by Mr. Atedo Peterside, issued the Code of Best Practices on Corporate Governance in Nigeria. The SEC code emphasized the role of the board of directors and management; shareholder's rights and privileges; and the audit committee. Not only was the code influential, it was also the first to be issued by any regulator in the country (Ahmad, 2008). Although, the SEC code presented some comprehensive reforms, it was soon found to be scanty 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 (Ahmad, 2008).

The National Pension Commission (PENCOM) issued its own code in 2008, known as the 2008 PENCOM Code. Afterward, the National Insurance Commission (NAICOM) issued its Code of Corporate Governance for the Insurance Industry only in 2009. These three industry-specific codes were meant to address the issues that were not properly addressed in the Security and Exchange Commission (SEC) regulation. Nevertheless, in 2011, SEC released the Code of Corporate Governance for Public Companies in Nigeria, which effectively replaced its 2003 legislation. This latest law was considered at the time as the most inclusive corporate governance code in Nigeria. The code was moored 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 for the nation. Unfortunately, the council's attempt to overhaul the country's corporate governance framework to encourage more disclosure and better governance practices was later scuttled. 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 public corporation with a private outlook leading the corporation to develop its corporate governance framework based on its peculiarities and need.

The Nigerian Deposit Insurance Corporation (NDIC) as a public corporation, started practicing its developed framework to support their set strategic plan over time. Since then the practice of the code was evident and consistent with continuous

improvement. Since then, the NDIC has been consistent with the implementation of corporate governance is structurally moving side by side the strategic plan. 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 reporting standard in terms of financial discipline and good governance.

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 large 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. More so because of its role in the mobilization of funds, the advancing of credits to the various sectors of the economy, the payment and settlement system, and the implementation of monetary and insurance policies. 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.

Statement of Research Problem

Public policy analysis involves evaluating issues of public importance with the objective of providing facts and statistics about the extent and impact of various policies of the government with a view to assess the degree to which the policies are meeting their goals. One of the public policy objectives of the NDIC is to Protect depositors by providing an efficient and orderly means of reimbursement to depositors in the event of failure of any participating insured financial institution up to a maximum limit within a specific time in accordance with its statute and as contained in the principles of IADI which the NDIC is signatory.

In recent time, measuring corporate governance performance and efficiency and its impact on the organizational objectives 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. Nigeria Deposit Insurance Corporation (NDIC) has listed poor public awareness, uncooperative attitude to the bank closing team and court action by erstwhile shareholders as the major challenges facing deposit insurance in the country. Different research were 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.

Available data obtained from the NDIC annual reports, the questionnaires and interviews conducted showed that the corporation do not achieved all it set strategic plans between 2011-2015 and 2016-2018 especially in the area of public awareness, broader financial inclusion, timely and efficient payment of grantee sum to victims of insured financial institutions, and wider spread of corporate social reasonability. Some of the major factors responsible according to this study are the existing legal document guiding the operations of the NDIC which the corporate governance policy should have addressed, slow judicial process which often hinder the speedy recovery process of assets and liabilities of failed insured financial institutions, lack of effective awareness campaign about the activities and the expectation of the corporation to average Nigerian as well as the prolong debate over the reversed NDIC Act that would have provided a new framework for dealing with some of the challenges hindering the attainment of the public policy objectives of the corporations.

In 2018 for example, the corporation conducted its activities within the framework of its Strategic Plan (2016 – 2020), which was built on four strategic thrusts representing the key areas of it mandates and operations to attain its public policy objectives as well as deliver value to its stakeholders. During the year, the NDIC completed only 16 initiatives representing 34% while 30 initiatives were in progress representing 64%, and 1 initiative representing 2% was yet to commence as at that the period.

The Nigeria Deposit Insurance Corporation (NDIC) has said the emergence of financial technologies (fintech) has brought new challenges bordering on corporate governance and risk management and that since the corporation is guided by developments on global bank, regulation and supervision, will continue to collaborate with other key stakeholders to strengthen the regulatory/supervisory frameworks to promote confidence and ensure safety and stability of the nation's banking sector for the benefit of individual depositors and the economic stability of the nation (The Guardian 3th December, 2021).

In an attempt to resolve these challenges, the NDIC aligned it strategic plan with the corporate governance policy framework and was made a collective responsibility of all management and executive staff and provided the role of other regulators. The extent to which corporate governance framework in the NDIC helped the strategic plans and impacted on the operational mandate of the corporation especially on its public policy objective is what necessitated this study.

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

Research Propositions

The research will be guide 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.
- vi. Corporate governance practice has improved the supervisory role of the NDIC.
- vii. Corporate governance practice enhances transparency and accountability in the NDIC
- viii. Corporate governance practice enhances stakeholder's relation in the NDIC.

Literature Review

The Concept of Corporate Governance

Charles T. Munger (2014), of the Stanford business graduate school while discussing his optima of corporate governance systems become more simple, rather than more complex, and rely on trust rather than compliance to instill ethical behavior in employees and executives. He advocates giving more power to a highly capable and ethical CEO, and taking several steps to improve the culture of the organization to reduce the risk of self-interested behavior. Therefore, corporate governance embodies structures, systems, mechanisms, and policy framework through which organizations are directed and controlled by those saddled with the duties and responsibilities in the interest of shareholders and other stakeholders. Corporate governance is also seen as a mechanism by which managers provide guidance and direction, creates adequate environment that encourages team ship effort amongst work groups. Managers are therefore expected to be competent, proficient and skillful in conceptual thinking, goal setting and objectives and developing strategies of arriving at suitable decisions (Claessens, S., 2006).

Corporate governance is primarily a term which describes the roles and responsibilities of all members of staff in an organization about corporate decision making and the rules and procedures that should be adhered to when such decisions are made. It emphasized not only the conventional systems and processes, but also by organizational culture and values developed over time. It defines proper interactions, distributes responsibilities, set out the rules and procedures by which the corporate strategic plans and objectives are set, monitored, and achieved; and defines the way in which an organization is led, directed, controlled, and ultimately held accountable (Alabdullah, T.T Y., Yahaya, S., & Thurasamy, T.,2016).

The meanings and conception of corporate governance differs depending on the peculiarity of the organization in question. 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 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. Cadbury report (1992) emphasized that corporate governance deals with shareholders wealth maximization and efficient utilization of firm's assets. Corporate governance is basically concerned with building trust, ensuring accountability and transparency as well as maintaining an effective channel of information disclosure which helps to bridge the gap between information available to directors and the information available to stakeholders thereby helping to resolve the agency problem and foster good performance of firms (Rogers, 2008). The internal governance is made up of the management which acts as the shareholders' agents. On the other hand, external governance arises from the firm's need to raise capital. The complexity of the concept of corporate governance focuses on values such as transparency, accountability, fairness, and responsibility. (Oyebode, A. 2009).

Put differently, Kwakwa and Nzekwu in Cernat, L. (2004), defined corporate a "vital ingredient in the maintenance of dynamic balance between the need for order and equality in society; promoting the efficient production and delivery of goods and services., ensuring accountability in the house of power and the protection of human rights" (Cernat, L. (2004).

According to Prabhdeep, corporate governance as the structure and process of: Monitoring executive performance, ensuring accountability of management to shareholders, motivating management towards creating value for shareholders and protecting interests of other stakeholders plus the local community (Vianny J.D., 2017).

Corporate governance, therefore, is about promoting fairness, transparency, and accountability in the running of an organization and how that impacted on the operational efficiency of a corporation. Corporate governance has succeeded in odd deal of public interest because of its importance for the economic health of a corporation and for the welfare of society in general through corporate social responsibility. It is also concerned with the ways parties (stake holders) interested in the wellbeing of corporations to ensure that managers and other employees

adopt mechanism to safeguard the interest of the shareholders.

In summary therefore, corporate governance in Nigeria took center stage about the early 2002. Prior to these period most organizations and corporations both public and private in Nigeria were operating below capacity and were not accountable to investors, shareholders, suppliers, depositors and other stakeholders (Phillips, R. 2003). This trend culminated into the collapse of notable Nigerian companies which were characterized by insider abuses, inefficiencies and poor corporate governance structures. This scenario led to regulatory agencies evolving codes of best practice to enhance adequate corporate governance culture in both public and private corporations. Although, a few literature exist in the area of how corporate governance policy was used as a framework for developing, implementing and evaluating set corporate strategic plan in the NDIC and how that affect the overall objectives of the corporation, this study however, review cases, relevant reports and publications as it relates to the milestone successes, challenges and current status of the corporation.

Operational Efficiency

Organizational efficiency involves optimal transformation of inputs through activities into outputs. It focuses on rational use of resources at tactical level, meeting timelines and emphasizes least costs and maximum results. In other words, organizational efficiency measures the relationship between inputs and outputs or how successfully the inputs have been transformed into outputs. It is a ratio that reflects a comparison of outputs accomplished to the costs incurred for accomplishing organizational goals. Operational efficiency reflects the improvement of internal processes of the organization, such as organizational structure, governance culture and best utilization of resources (Bhagat, S., and B. Black, 2002),

From the forgoing, two aspects of efficiency exist: the first is the units of production or services that relate to the organizational purpose, and the second is how much it costs to produce those goods and services. This implies that to attain efficiency, an organization must ensure that maximum outputs are obtained from the resources it devotes to a program, operation or department. Conversely, efficiency is achieved when the minimum level of resources is used to produce the target output or to achieve the objectives of a program, operation or department. Operational efficiency measures how economic resources/inputs (funds, expertise, time among others) are converted to results. According to this perspective, efficiency measures the degree to which organizations manage their resources and minimize costs. According to Chikati (2009), efficiency measures the economic relationship between allocated inputs and project outputs. It includes efficient use of financial, human and material resources. The current study measures efficiency of Community Based organization as being able to: use resources rationally; meet timelines; operate at least costs; be oriented towards maximum results; and improve internal processes. It can be argued that relevance measures the degree to which the objectives of a program or project remain valid as was planned. It is the overall assessment to determine whether a particular corporate policy and objectives are

still in harmony with the expected needs and priorities of the shareholders or that of the corporation. He further articulates that society's priorities might change over time as a result of social, political, demographic or environmental changes.

Deposit Insurance

The idea of deposit insurance, special type of insurance, under which depositors are guaranteed against loss in the event of a bank failure. It was developed in the United States during the Great Depression of the 1930s to meet the serious problems created by frequent bank suspensions. Deposit insurance in Nigeria is handled by the Nigerian Deposit Insurance Corporation (NDIC) as an independent agency of the Federal Government of Nigeria. The objective of the deposit insurance system is to protect depositors and guarantee payment of insured funds in the event of failure of insured institutions.

Studies showed that it was part of the economic reform measures taken by the then government, to strengthen the safety net for the banking sector following its liberalization policy and the introduction of the 1986 Structural Adjustment Program (SAP) in Nigeria. It plays an essential role in the Nigerian economy especially now that federal government is looking inward to boost its internally generated revenue (IGR) from the non-oil sector. Therefore, evaluating the corporate performance, efficiency and monitoring their financial positions are as important as the corporation itself. Thus, government established the Corporation to administer the deposit protection scheme on its behalf and to serve as a vehicle for implementing failure resolution options for badly managed insolvent and ruined banks.

Empirical Review

The essence of empirical review is to have a critical look at how other researchers had approached their investigations in the area of corporate governance and organizational efficiency in public corporation like the Nigerian deposit Insurance Corporation (NDIC). Although, a few literature exist in the area of how corporate governance policy was used as a framework for developing, implementing and evaluating set corporate strategic plan in the NDIC and how that impacted the overall objectives of the corporation, this study however, review cases, relevant reports and publications as it relates to the milestone successes, challenges and current status of the corporation (Adebayo, M. Ibrahim A. O. Yusuf, B. & Omah I.2014).

Productivity and performance has been perceived differently by various researchers, but most of the scholars relate productivity and performance with measurement of transactional efficiency and effectiveness towards organizational goals. Internal control mechanism has been further divided into board structures and performance; management system; and ethical codes. Board structure and performance deal with the quality of governance in the corporation in such a way that the size, composition, membership diversity, power separation, independent directors' role and audit committee roles were made to enhance the quality of the corporate leadership (Ghoshal, 2005).

Another internal control mechanism is management system, which deals with quality of management in such a way that internal control, training of employee, whistle-blowing procedures, reporting practices, corporate culture and remuneration disclosure ensure the quality of the management style and by extension the corporate productivity. These are the internal mechanisms that help the corporate leadership process toward corporate efficiency. Corporate governance and productivity are determining by the degree of an achievement to which an employee fulfils the organizational mission at workplace (Bansal, N. & Sharma, A. K. (2016).

The capability of an organization to establish perfect relationship with resources, presents effective and efficient management of resources that would ultimately increase productivity in a corporation. In order to achieve goals and objectives of organization for high productivity; strategies have been designed based upon organizational performance. The equity based upon high returns helps in effective management of organization resources so that productivity performance would be improved (Simmons, J., & Iles, P.2001).

From the above, it can be said that compliance to corporate governance may streamline business operations and increase the potential for maximizing productivity and financial profits. Creating guidelines that must be followed by individuals working in the business can help companies ensure a minimum set of operating standards in the company. Organizations may also be able to discipline employees or correct inappropriate workplace situations using the rules or procedures outlined in the company's corporate governance framework in order to improve productivity.

The impact of corporate governance in improving productivity and sound character policy among management and staff in the Nigerian Deposit Insurance Corporation (NDIC) can be accessed from the perspective of where they were coming from and where they are today. In their experience, the boards of directors are the governing body responsible for formulation of policy and overseeing the affairs of the corporation. To this note, The Deposit Insurance Scheme (DIS) was introduced and being implemented by the corporation and was designed as a Risk Minimizer. The idea of Deposit Guarantee (DG) is perhaps the most significant and distinct activity of the corporation that has since being improving and enhancing the productivity of the corporation. As an insurer, the NDIC guarantees the payment of deposits up to the maximum limit in accordance with its statute in the event of failure of an insured financial institution. In line the governance practices the appointment of board members as detailed by the NDIC Act (2006). They are to be appointed by the president subject to the confirmation of the senate of the federal Republic of Nigeria (NDIC Annual Report, 2014).

Looking at the NDIC board composition, the Act that established the corporation states that there shall be twelve (12) board members created by the NDIC Act, 2006. This comprises of six members from the six (6) geopolitical zones, one (1) representative each from the federal ministry of finance and the CBN, then the chairman and Three (3) management staff (MD&CE and the two Executive Directors (EDs) of Operation (OPS) and corporate services (CS) who are responsible

for the day-to-day affairs of the NDIC (NDIC Act, 2006).

The corporate board approves corporate strategy and monitoring the implementation of the strategic plans. The board should have meaningful input into the corporate long-term strategy plan from development through execution, should approve the corporate strategic plans and should regularly evaluate implementation of the plans that are designed to create long-term value. The board should understand the risks inherent in the organization's strategic plans and how those risks are being managed (CBN Code, 2006).

The board also set the corporate risk appetite, reviewing and understanding the major risks, and overseeing the risk management processes. The board oversees the process for identifying and managing the significant risks facing the company. The board and senior management should agree on the company's risk appetite, and the board should be comfortable that the strategic plans are consistent with it. The board should establish a structure for overseeing risk, delegating responsibility to committees and overseeing the designation of senior management responsible for risk management. Focusing on the integrity and clarity of the company's financial reporting and other disclosures about corporate performance; the board should be satisfied that the corporate financial statements accurately present its financial condition and results of operations, and ensure that other disclosures about the company's performance convey meaningful information about past results as well as future plans, and that the corporate internal controls and procedures have been designed to detect and deter fraudulent activity (FRCN Code 2016).

The board should have meaningful input and decision-making authority over the corporate capital allocation process and strategy to find the right balance between short-term and long-term economic returns for its shareholders. Reviewing, understanding and overseeing annual operating plans and budgets. The board oversees the annual operating plans and reviews annual budgets presented by management. The board monitors implementation of the annual plans and assesses whether they are responsive to changing conditions. Also, as part of its risk oversight function, the board periodically reviews management's plans to address business resiliency, including such items as business continuity, physical security, cyber security and crisis management.

Theoretical Framework

The Stakeholder Theory was adopted for this studies. According to Freeman (1984), stakeholder theory could be seen as a byproduct of the battles between Berle and Dodd in 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". 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. 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” (Oyebode, A.,2009).

Stakeholder theory is instrumental in offering a framework for investigating the links between conventional company performance and the practice of stakeholder management. On a broader level, however, a stakeholder is any identifiable group or individual who can affect or is affected by organizational performance in terms of its products, policies, and work processes. In this sense, public interests’ group, protest group, local communities, government agencies, trade associations, competitors, unions, and the press are organizational stakeholders (Grantham, S., Vieira, E.T., & Susan, D.S., 2021).

Corporate governance as a policy framework is practice in the NDIC through corporate strategic plan should therefore concern every stakeholder; a stakeholder is someone who has a real interest in a social issue or in the formation, maintenance, or removal of a public policy. That interest could be defined materially (loss of property, opportunity for profit. The stakeholder theory is not about keeping stakeholders happy to make more money. Instead, it argues that companies play a vital role in the very fabric of our society (creating jobs, innovating etc) and that therefore their success must be valued as a whole, not just in the returns they make for their shareholders.

This theory looks comprehensive and all-encompassing as it recognized the important of all relevant stakeholders in modern day organizations. Dartey Baah (2015), argued that the dominance of Stakeholder theory could be premised on the argument that corporate entities exist to satisfy other agents connected to them besides shareholders. The fact that the Stakeholder theory posits that modern corporations must seek the interest of all stakeholders, scholars like Dartey Baah (2015), are of the opinion that since the state is a stakeholder to a modern organization, such organization should ensure that its activities incorporate the interest of the country where they are situated. To this end, Nigeria and Nigerians are all stakeholders in the activities of the NDIC besides being a public corporation. Against this backdrop, the research intended to use stakeholder theory in understanding the application, impact, and the efficiency of the policy of corporate governance practice in the Nigerian deposit insurances corporation (NDIC).

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 questionnaire 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

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 2011to 2018.	65	59	99	85	78	386
That corporate governance framework in the NDIC continually facilitates the performance management system and productivity-based-budgetary system toward improving productivity in the corporation.	101	176	28	55	26	386
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 Analysis, Results and Discussion of Research Findings

Analysis 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 it 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%.

Analysis 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.

Analysis 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.

Analysis of the Fourth Proposition: Corporate governance practice enhances transparency and accountability in the NDIC.

In other 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.

Analysis 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. This impact on board and management performance, increases operational efficiency, stakeholder confidence and prevents situations that will reduce shareholders value, waste, and inefficiency. Based on the findings of this study, it is conclude that corporate governance has significant effect on organizational performance and commitment to achieving corporate efficiency in the NDIC and has established that, there is significant relationship between corporate governance frameworks in the NDIC and impacted on the individual, unit, and departmental set productivity target.

It was also conclude that employees are involved in the activities of the board sub-committee and their functions aligned with the NDIC strategic plans which significantly enhanced the organization productivity output. However, corporate governance practice has neither significantly impacted in increasing public awareness about the activities of the corporation for optimum financial inclusion

nor enhances the public quality objectives of payment of the depositors guaranteed sum within 90 days for all victims of Insured Financial Institution in Nigeria in line with the IADI standard. Also, corporate governance framework in the NDIC has impacted positively on transparency and accountability, high level disclosure and efficiency in their reporting function and has helped in ensuring effective employees, stakeholders, and other interested parties' relation in the NDIC. The framework significantly eased collaboration among regulators, shareholders, and other stakeholders by directing and controlling management activities with good operational survey through the activities of the research and development department.

Recommendations

Based on the research findings the following recommendations are made:

There has to be a strategy for achieving smooth, efficient payment system of deposit sum to victims of insured financial institution within the recommended 90 days period. This will enhance their operational efficiency. There should be a framework for continuous health check on the NDIC's corporate governance policy framework through a systematic review within a given period of time to ensure they are effectiveness and to ascertaining their strength and wickedness. 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 kind of media outlet using different languages particularly rural areas where most of the micro bank exit. NDIC should develop a software model that can monitored the real time activities of the micro-finance bank across the country for quick rescue of any one on the barge of collapse as majority of their clients are local. Reviewing policies and procedures like corporate governance frame work regularly to ensure they are effective asking for feedback and using it to improve services and performance. The National Assembly should expedite action toward assenting to the reversed NDIC Act and should consider establishing a special courts to handle only cases of failed financial institutions for optimum performance

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