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Evidence on the Impact of Corporate Governance on Bank Performance from Deposit Money Banks in Sub-Saharan Africa

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Abstract : Purpose: The purpose of this study is to investigate how corporate governance traits affect the financial performance of banks in the sub-Saharan African region from 2008 to 2022. Methodology/Design/Approach: The performance of a few chosen banks in Sub-Saharan Africa is examined in relation to corporate governance using static panel regression analysis. The following variables were used to present corporate governance in the study: board size (BDS), board gender diversity (BGD), board independence (BDI), number of audit committee meetings (NAM), and number of foreign members on the board (SFM). Return on assets (ROA) was employed as the dependent variable. Fixed effect (FE), random effect (RE), and common effect (CE) estimators were used with static panel data. The model estimate procedure is based on the 'Log-Lin' specification. The estimation includes eleven (11) models, ten of which relate to the individual country and one that captures the SSA countries used in this study. Finding: The RE effect estimator seems to be more efficient than the FE estimator overall. Therefore, the selected estimator used for the overall country investigation is the random effect model adopted in evaluating the connection between financial success and corporate governance, and according to the all-country specification in assessing the study's goal, the fixed effect estimator is thus selected for most of the countries except for Malawi and Zambia that common effect model worked well for showing that the banks in the aforementioned countries have similar organisational cultures and management philosophies. Consequently, the selected estimators for every country were used to evaluate the connection between financial success and corporate governance. Originality/Value: Corporate governance and bank performance topics are well grounded in literature with evidence from developed countries. However, there is a darth in developing countries particularly in the sub-Saharan African region. This study presents multi-country empirical evidence within the SSAs which gives the study more samples, this study makes use of balance data from 2008 to 2022 being the latest data coverage from SSA, and no prior research has examined the impact of corporate governance mechanisms on bank performance in the SSA region through the use of multi-country samples.

Keywords : bank performance, corporate governance, sub-Saharan African (SSA), gender diversity, foreign member of the board, multi-country
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