

Researchers examine how corporate governance shapes bank value in Nigeria

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BUFFALO, NY, UNITED STATES, January 21, 2026 /EINPresswire.com/ -- How companies are governed who holds power at the top and how actively boards oversee management can play a decisive role in how investors value firms. A new study examines this relationship in Nigeria's banking sector, offering empirical evidence that some governance mechanisms matter more to markets than others.



Banking District

In a paper published in *The American Journal of Interdisciplinary Innovations and Research*, researcher Olajumoke Mary Ogundipe of Bell University of Technology, Ota, analyzes how corporate governance structures influence the market value of Nigerian deposit money banks. The findings suggest that investors respond strongly to visible board activity, while some formal governance features carry less weight than commonly assumed. Corporate governance is often promoted as a safeguard for shareholder value, particularly in emerging markets where regulatory enforcement may be uneven. In such settings, investors rely heavily on governance signals when pricing bank equities.

"Nigerian banks provide a unique context," Ogundipe explains. "They operate in an environment characterized by regulatory pressure, macroeconomic shocks, and high leverage, where failures in oversight can quickly translate into losses in firm value."

Despite extensive prior research, most studies in Nigeria have examined governance mechanisms, such as CEO duality or board diligence, in isolation. The present study addresses this gap by testing their joint effect on firm value, using market price per share as a forward-looking valuation signal.

The study focuses on two governance levers that are central to corporate oversight debates:

- CEO duality, where the chief executive officer also serves as board chair, consolidating

decision-making authority.

- Board diligence, measured through observable indicators such as board size and meeting frequency.

Using panel data drawn from the published annual reports of listed Nigerian deposit money banks, the research evaluates whether these governance structures are reflected in equity market valuations. Contrary to traditional agency theory expectations, the analysis shows that CEO duality is positively associated with firm value in the Nigerian banking context. Rather than penalizing unified leadership, the market appeared to interpret it as neutral or even beneficial during the period studied.

“This suggests that, under certain institutional conditions, investors may value coordination efficiency over strict separation of roles,” Ogundipe notes.

Board diligence, however, emerged as the strongest governance signal. Banks with larger boards and more frequent board meetings were consistently associated with higher market valuations. These indicators appear to function as visible signals of active oversight that investors reward. In contrast, formal board independence showed no decisive valuation effect, implying that symbolic governance structures may matter less than demonstrable oversight activity. The findings reinforce a broader insight in governance research: markets distinguish between governance that is enacted and governance that is merely declared.

“In banking, where risk exposure is high, investors seem to prioritize what boards actually do over what they formally represent,” Ogundipe says.

The results carry implications for regulators, boards, and investors alike. Disclosure policies that enhance the visibility of board activity, such as meeting frequency and attendance, may strengthen market confidence. At the same time, the study cautions against universal prescriptions in governance design, emphasizing that the effects of leadership structures are context-dependent.

The full study, titled “Corporate Governance Mechanisms and Firm Value: An Empirical Study of Nigerian Deposit Money Banks,” appears in *The American Journal of Interdisciplinary Innovations and Research* (2019). It contributes to ongoing debates on how governance architectures are priced by capital markets in emerging economies.

Citation:

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