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Corporate Governance and Sustainable Banking Sector: Evidence from Nigeria

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Abstract

The issue of corporate governance assumed great importance the world over in the aftermath of the corporate financial scandals brought about by lack of transparency and accountability in governance. The collapse of high profile institutions around the world such as Enron, WorldCom, Parmalat, Barings Bank to mention just a few have demonstrated that no company can be too big to fail. Sustainable banking on the other hand is a philosophy that underpins everything about banking, a value system that says a bank's commercial activities must not only benefit its staff and shareholders, but also its customers and the wider economy, while at the same time preventing, or at least minimizing, any undue effects on society and the natural environment. This study, therefore, investigated the significant relationship between corporate governance mechanisms and commitments to sustainable banking. It further examined whether Nigerian banks are committed to sustainability, responsibility, accountability, transparency, sustainable markets and governance. The study also assessed the significance of corporate governance to sustainable banking sector in Nigeria. The sources of data were primary in nature while analysis of variance, frequency distributions and chi-square statistics were employed to analyze the data collected. The findings revealed that the Nigerian banking sector has not been showing good commitments towards sustainable banking. The level of board responsibility, general accountability and transparency have not been too impressive either. The study recommended that the sector should institute a culture of good corporate governance that will make sustainable banking a reality in Nigeria

Keywords: Corporate Governance, Responsibility, Accountability, Transparency, Disclosure, Sustainable Banking

1 Introduction

Heidi and Marleen (2003) observe that banking supervision cannot function well if sound corporate governance is not in place. Consequently, banking supervisors have strong interest in ensuring that there is effective corporate governance at every banking organization. As opined by Mayes, Halme and Aarno (2001), changes in bank ownership during the 1990s and early 2000s substantially altered governance of the world's banking organizations. These changes in the corporate governance of banks raised very important policy research questions. The fundamental question is how do these changes affect bank performance? Jeucken (1990) opines that the banking sector has responded far more slowly than other sectors to the new challenges that sustainability presents. Bankers generally consider themselves to be in a relatively environmentally friendly industry (in terms of emissions and pollution). Marc Stoiber (2010) posits that most banks engaging in sustainability today find themselves in one of two camps: applying the sustainability lens to the bank's mission and business - this includes everything from setting ethical standards for investing to designing products with sustainability features at their core. Green operations and philanthropy are givens in this category.

Peter Sands (2009) notes that "for a bank, the crisis we have just been through means that taking sustainability seriously is no longer optional. We have to prove that our business model is sustainable. We have to demonstrate that we make a positive contribution to sustainable growth and development. We have to show that awareness of sustainability issues is deeply embedded in the way we run the business." The best way for a bank to develop commercially is to look at the big picture and act in a way that benefits consumers, the economy, the society and the environment. Banks are part of complex human, social and environmental ecosystems, so it is in their own self-interests to keep those ecosystems going. Sustainable banking is therefore, where self-interest and altruism meet. They are not mutually exclusive concepts. The surest way for bankers to promote their own interests is paradoxical, though, it may seem to some, to act in the best interests of customers and others. This is perhaps where corporate governance appears relevant to sustainable banking.

1.1 Issues at Stake

Corporate governance has dominated policy agendas in developed market economies for more than a decade, but it is gradually warming itself to the top of the policy agenda in the African continent. The Asian crisis and the relative poor performance of the corporate sector in Africa have made corporate governance a catchphrase in the development debate (Adenikinju, 2005) The banking sector, among other sectors in developing economies, has also witnessed several cases of collapses, some of which include the Alpha Merchant Bank Ltd, Savannah Bank Plc, Societe Generale Bank Ltd (all in Nigeria), The Continental Bank of Kenya Ltd, Capital Finance Ltd, Consolidated Bank of Kenya Ltd and Trust Bank of Kenya among others (Akpan, 2007). In Nigeria, among the few empirically feasible studies on corporate governance are the studies by Sanda Mukailu and Garba (2005) and Ogbechie (2006) that studied the corporate governance mechanisms and firms' performance. However, no serious empirical research work has been carried out on corporate governance and sustainable banking hence the need to embark on this area of study.

Imeson & Sim (2010) observes that the banking sector, as one of the corner stone industry, has a significant role to play in our planet's future sustainability. Customers are saying that it's the right thing to do, suppliers are coming on board and staff are engaged. Shareholders have also recently added their voices, understanding that the lack of a sustain ability strategy poses a threat to reputational risk and hence shareholder value. Moreover, sustainable banking requires banks, where appropriate, to be proactive and take steps to improve society and the environment. Banks are therefore expected to show commitment towards sustainability, responsibility, accountability, transparency, sustainable markets and governance. Against this backdrop therefore, this study seems to suggest a relationship between corporate governance and sustainable banking sector. In investigating this relationship, it will also be desirable to assess the impact of good corporate governance on sustainable banking sector in Nigeria,

1.2 Objectives of the Study

This study is set out to achieve the following objectives:

(i) To investigate the significant relationship between corporate governance mechanisms and the requirements for commitment to sustainable banking
(ii) To examine whether Nigerian banks are committed to sustainability, responsibility, accountability, transparency, sustainable markets and governance
(iii) To assess the significance of corporate governance to sustainable banking in Nigeria

2 Conceptual Framework and Literature Review

2.1 Conceptual Framework

2.1.1 Corporate Governance

Adenikinju (2005) observes that very narrowly, corporate governance can be conceived as a set of arrangement internal to the corporation that defines the relationships between managers and shareholders. Coleman and Nicholas-Biekpe (2006) define corporate governance as the relationship of the enterprise to shareholders or in the wider sense as the relationship of the enterprise to society as a whole. However, Mayer (1999**)** offers a definition with a wider outlook and contends that it means the sum of the processes, structures and information used for directing and overseeing the management of an organization. Shleifer and Vishny (1997), Vives (2000) and Oman (2001) observe that there is a broader approach which views the subject as the methods by which suppliers of finance control managers in order to ensure that their capital cannot be expropriated and that they can earn a return on their investment.

2.1.2 Sustainable Development

According to Heinen (1994) no single approach to 'sustainable development' or framework is consistently useful, given the variety of scales inherent in different conservation programmes and different types of societies and institutional structures. IUCN, UNEP, WWF (1991) observes that sustainable development, sustainable growth, and sustainable use have been used interchangeably, as if their meanings were the same whereas they are not. Sustainable growth is a contradiction in terms, nothing physical can grow indefinitely. Sustainable use is only applicable to renewable resources. Sustainable development is used in this strategy to mean, improving the quality of human life whilst living within the carrying capacity of the ecosystems. The Brundtland Commission's (1972) defines sustainable development as the "ability to make development sustainable—to ensure that it meets the needs of the present without compromising the ability of future generations to meet their own needs"

The use of this definition has led many to see sustainable development as having a major focus on intergenerational equity. It contains within it two key concepts: The concepts of needs, in particular, the essential needs of the worlds poor, to which overriding priority should be given, and the idea of limitations imposed by the state of technology and social organization on the environments ability to meet present and future needs. Pearce, Makandya & Barbier (1989) on the other hand states that Sustainable development involves devising a social and economic system, which ensures that these goals are sustained, i.e. that real incomes rise, that educational standards increase, that the health of the nation improves, that the general quality of life is advanced. According to Pearce (1993) sustainable development is concerned with the development of a society where the costs of development are not transferred to future generations, or at least an attempt is made to compensate for such costs.

2.1.3 Sustainable Banking

According to Imeson & Sim (2010), sustainable banking has many labels: corporate social responsibility, corporate responsibility, corporate citizenship, environmental and social governance and other variants. In essence, it is a philosophy that underpins everything about banking, a value system that says a bank's commercial activities must not only benefit its staff and shareholders, but also its customers and the wider economy, while at the same time preventing, or at least minimizing, any undue effects on society and the natural environment. It also requires banks, where appropriate, to be proactive and take steps to improve society and the environment. Jeucken (2004) notes that sustainable banking means that a bank's internal activities "meet the requirements of sustainable business (i.e. similar with industrial companies) and in which its external activities (such as lending and investments) are focusing on valuing and stimulating sustainability among customers and other entities in society".

The Financial Times/International Finance Corporation (2008) contends that sustainable banking is not just about philanthropic spending and corporate social responsibility. Sustainability initiatives in banking have taken about three lead directions and these are:

(i) Pursuit of environmental and social responsibility in a bank's operations through environmentally and socially responsible initiatives such as promotion of recycling programmes and clean energy, support for cultural events, charitable donations etc.
(ii) Integration of sustainability into a bank's core businesses by embedding environment- al and social considerations into product design, mission statement and strategies which include the integration of environmental criteria into lending and development of new products which guarantees environmental businesses easier access to capital.
(iii) Innovative delivery of banking products and services to the people who do not have access to modern banking

Barclays (2009) opines that sustainable banking requires good governance and effective risk management. The business line management, the executive board and the supervisory board must understand and implement the bank's sustainability policy, as well as comply with all relevant laws, regulations and industry standards. The consequences of poor governance or risk management in this area are serious. If a bank is found to be treating customers unfairly – by, for instance, lending to those who cannot afford to repay, or selling unnecessary insurance – or its activities end up harming communities or the environment, not only will its commercial image suffer, its reputation for sustainability will be damaged and could end up in tatters. Regulatory and reputational risk management are two sides of the same coin. If a bank fails in one, it fails in the other. Credit risk is therefore an obvious challenge.

2.2 Literature Review

2.2.1 Corporate Governance Mechanisms

Board Size and Board Composition: Board size and composition on one hand and the ratio of non-executive to total directors on the other hand are the two major characteristics of boards that stand out as having the greatest impact on board effectiveness and performance (John & Senbet, 1998; Denis, 2001; Sanda, Mukaila & Garba, 2005). Regarding board size, most of the hypotheses tested are in support of the view that smaller boards are more effective. Denis (2001) believes that such board can hold more coordinated discussions, make decisions quickly and are less easily controlled by management. Caprio, Laeven & Levine (2007) however state that some authors have tested the hypothesis that larger boards are more effective because the large size facilitates intensive management supervision and brings more human capital to advise management. The Securities and Exchange Commission (2003) invariably recommends a board size of not less than 5 and not more than 15 with a mix of executive and non-executive directors. According to Kama & Chuku (2009), the generally tested hypothesis is that executive directors or directors who are members of bank management are less effective as monitors and advisers of management than the non executive directors, who have no family or business ties with the bank management

Board Responsibilities: The Securities and Exchange Commission (2003) introduced the Code of Best Practices for Public Companies in Nigeria in order to entrench good corporate governance. It provides for the responsibilities and functions of the board which includes directing the affairs of the company in a lawful and efficient manner as well as ensuring that the company continues to improves its value creation. The specific functions of the board are listed in the code and these include strategic planning, selection, performance appraisal and compensation of senior executives, succession planning, communications with shareholders, ensuring the integrity of financial controls and reports, ensuring that ethical standards are maintained and that the company complies with the laws of Nigeria. Patelli & Prencipe (2007) observe that the board of directors acts as one of the most important mechanisms in aligning the interests of managers and shareholders.
Sarkar (2009) identifies the important functions of the board as defining the company's purpose, strategizing and drawing up plans to achieving that purpose, appointing the chief executive, monitoring and assessing the performance of the executive team and assessing their own performance. Bhasin (2010) posits that it is the responsibility of the board of directors to ensure 'good' corporate governance. This involves a set of relationships between the management of a corporation, its board, its shareholders and other relevant stakeholders. Accordingly, the board must agree on the corporation's purpose (what it is for), its ethical values (what it stands for), and the strategy to achieve its purpose..In the practical sense, corporate governance involves the "nuts and bolts" of how corporations should fulfill their responsibilities to their shareholders and other stakeholders.

Accountability: The Companies and Allied Matters Act (1990) and The Banks and Other Financial Institutions Act (1991) contain many provisions that are aimed at formalizing the concept of accountability by the board of directors and management of corporate organizations including banks. Nevertheless, at the global level, Naqi (2008) observes that despite the clamour for greater accountability, following the acclaimed corporate scandals like WorldCom, Tyco, Enron to mention just a few, empirical evidence has shown that greater accountability does not always lead to positive behaviours. However, research does suggest that a number of dependent variables such as performance, satisfaction conformity etc. are positively influenced by accountability effects (Yarnold, Mueser, & Lyons, 1988; Fandt, 1991; Haccoun & Klimoski, 1975).

Internal Control: FINMA (20O8) claims that the internal control system is responsible for all controlling structures and processes and therefore supports the bank through its operations. A well-functioning internal control system is a fundamental management element that seeks to ensure that the bank's goal may be achieved. The Basel Committee on Banking Supervision (1998) adduces the main goals of the internal control system as:

-efficiency and effectiveness of activities (performance objectives)

-reliability, completeness and timeliness of financial and management information . .
(information objectives)
-compliance with applicable laws and regulations (compliance objectives)

FINMA (2008) further notes that the performance goals ensure that all employees in a bank achieve the personal goals in an efficient and effective manner. The information goals are to maintain relevant and reliable reporting in order to make the decision process adequate. The compliance goals aspire to ensure that all business units comply with the relevant laws and standards.
Transparency and Disclosure: The CBN (2006) states that transparency and adequate disclosure are key attributes of good corporate governance which the merged banks must cultivate with new zeal in order to provide stakeholders with the necessary information to judge whether their interest are being taken care of. Currently, there are many deficiencies in the information disclosed, particularly in the area of risk management strategies, risk concentration, performance measures etc. Sanusi (2010) notes that inadequate disclosure by the banks was another major contributing factor to the banking crisis. Bank reports to the CBN and investors often were inaccurate, incomplete and late, depriving the CBN of the right information to effectively supervise the industry and depriving investors of information required to make informed investment decisions. In addition, banks made public information on their operations on a highly selective basis and investors were unable to make informed decisions on the quality of bank earnings, the strength of their balance sheets or the risks in their businesses.

2.2.2 Responsible Lending
According to Eboh (2011) *Eight Nigerian banks, yesterday, signed an undertaking to prepare, activate and adopt sustainable lending principles within the next six months.The new lending principle is aimed at ensuring*

increased awareness for environmental protection, social well-being and economic prosperity.The eight banks which made this commitment in the presence of the Governor of the Central Bank of Nigeria, Mallam Sanusi on the sideline of the Nigerian Sustainable Finance Week summit, held in Lagos, weekend, include: Access Bank Plc, Citibank Nigeria Limited, Diamond Bank Plc, First Bank of Nigeria Plc, GTBank Plc, Stanbic IBTC Bank Plc, Standard Chartered Bank Limited and Zenith Bank Plc.The banks also agreed to develop their various internal capacity as required to manage their environmental and social responsibilities within the next 12 months.To this end, the banks, in a joint statement of commitment to sustainable financing, also called the Nigerian Lending Principles, said they will be working with relevant stakeholders to develop the new lending principles and called on other banks to join in signing this commitments, with the aim of ensuring wider adoption of best practices and to ensure a responsible and sustainable banking sector in Nigeria. The banks, are prepared to, henceforth, take steps to ensure that their lending and investment activities are carried out responsibly, in line with international best practices and with due regard to the Nigerian context.

2.2.3 Dimensions to Sustainable Banking

According to Imeson & Sim (2010), there are three basic dimensions to sustainable banking and these are economic, social and environmental dimensions

(i) The Economic Dimension

The most important aspect of a bank's sustainability program is managing the impact that its products, services and customer relationships have on the financial sector. First and foremost, a bank must give customers what they want fairly, responsibly and transparently. At the same time, it must provide good working conditions for staff and deliver profitable growth for shareholders. Looking at the bigger picture, a bank's activities should contribute to overall economic growth and stability, with minimal negative impact on the environment or society. The importance of this economic dimension is stressed by Peter Sands, Group Chief Executive of Standard Chartered, who in the bank's *Sustainability Review 2009* writes that its sustainability policy aims for three outcomes: "contributing to the real economy," "promoting sustainable finance" and "community investment"

(ii) The Social Dimension

A bank needs to manage the impact of its activities on society in two ways: first, by removing, or at least mitigating, any negative impacts it may have; second, by taking positive steps to help communities through its employment practices, fundraising, volunteering and charitable giving. The first part requires a bank to create a set of ethical business principles that must be followed to ensure it is a responsible provider of financial services to customers. A bank's lending, investing and asset management policies should have built-in respect for human rights. The second part entails many things: employment policies that ensure staff come from diverse backgrounds, in terms of gender, race, religion and other criteria; allowing or encouraging staff to get involved in fundraising and volunteering activities to help disadvantaged people and communities; investing in communities by making donations, providing loans and giving other assistance to charities and other good causes; persuading suppliers to act in a socially responsible manner; and gaining the support of shareholders for all of these initiatives.

(iii) The Environmental Dimension

The third component of every bank's sustainability agenda is the environment, particularly climate change. Banks want to minimize any negative impact their activities may have on the environment and, if possible, ensure their activities have no negative impact at all. In some cases, they will try to reverse damage already caused. Their sustainability policies will also extend to taking steps to protect the environment from others by, for example, refusing to lend to businesses whose actions cause unacceptable harm to the environment, or by insisting that key suppliers adhere to prescribed sustainability standards.

Sustainable banking therefore requires an understanding of the "triple bottom line" – economic advancement alone is not enough, because environmental protection and social stability must also be taken into consideration. Jeucken (2001) notes that real sustainable banking does not imply that banks should write off clients that are currently not operating as sustainably as they might, but that they assist these clients along the different roads to more sustainable business practices. At the same time, banks will have to support clients with sustainable investment ambitions (usually the ones that are still ahead of their time) with specific financial instruments to help them meet their objectives.

2.2.4 The Collevecchio Declaration

According to the Collevecchio Declaration(2003),the financial sector has unique roles and responsibilities in advancing sustainability. These roles and responsibilities are outlined in form of commitments:

(a) Commitment to Sustainability: A commitment to sustainability would require financial institutions to fully integrate the consideration of ecological limits, social equity and economic justice into corporate strategies and core business areas (including credit, investing, underwriting, advising), to put sustainability objectives on an equal footing to maximization of shareholder value and client satisfaction, and to actively strive to finance transactions that promote sustainability. It requires the following Collevecchio Declaration:

-Redefine your mission
. -Evaluate your portfolio
. -Redefine your strategy
. -Develop sector and regional/country policies
. -Develop issues polices
. -Build capacity, train, motivate and reward employees
-Foster innovation
-Redefinition of risk
-Minimum standards
-Define the scope of policies
. -Environmental and Social Risk Management System

Other notable commitments according to the 2003 Declaration include :

(b) -Commitment to 'Do No Harm'
(c) -Commitment to Responsibility
(d) -Commitment to Accountability
(e) -Commitment to Transparency
(f) -Commitment to Sustainable Markets and Governance:

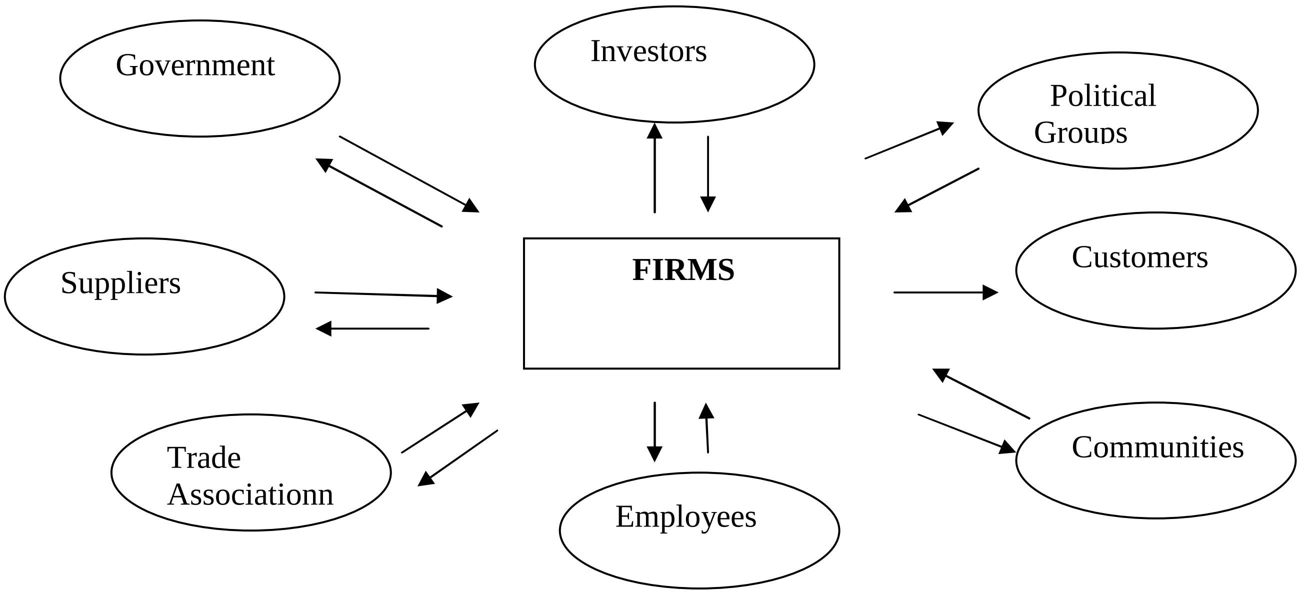
2.3TheoreticalFramework

2.3.1 Stakeholder Theory

Stakeholders theory was embedded in the management discipline in 1970 and gradually developed by Freeman (1984) incorporating accountability to a broad range of stakeholders. Wheeler et al (2003) argued that stakeholders theory derived from a combination of the sociological and organizational discipline .Indeed, stakeholders theory is less of a formal unified theory and more of a broad research tradition, incorporating philosophy , ethics ,political theory, economics, law and organizational science. Stakeholders theory can be defined as "any group or individual who can affect or is affected by the achievement of the organization's objectives". Unlike agency theory in which the managers are working and serving for the stakeholders ,stakeholder theorists suggest that managers in organizations have a network of relationships to serve – this include the suppliers, employees and business partners. And it was argued that this group of network is important other than owner-manager-employee relationship as in agency theory (Freeman, 1999).

On the other end, Sundaram & Inkpen(2004) contend that stakeholders theory attempts to address the group of stakeholder deserving and requiring management's attention, whilst, Donaldson & Preston (1995) claim that all groups participate in a business to obtain benefits. Nevertheless, Clarkson (1995) suggested that the firm is a system, where there are stakeholders and the purpose of the organisation is to create wealth for its stakeholders. Freeman (1984) opines that the network of relationship with many groups can affect decision making processes as stakeholders theory is concerned with the nature of these relationships in term of both processes and outcomes for the firm and its stakeholders. Donaldson & Preston(1995) argue that this theory focuses on managerial decision-making and interests of all stakeholders have intrinsic value and no sets of interest is assumed to dominate the others.

Figure 3: The Stakeholder Model



Source : Donaldson and Preston,1995

Marris (2012) notes that the stakeholder concept has been an ever vogue concept among multi-national corporations. Meanwhile Shrivastava (1995) posits that the corporations have been "environmentally responsible" only when forced by regulations

2.3.2 Resources Dependency Theory

According to Haslinda and Benedict (2009), whilst the stakeholder theory focuses on relationships with many groups for individual benefits, resource dependency theory concentrates on the role of board directors in providing access to resources needed by the firm. Hillman, Canela and Paetzold (2000) contend that resource dependency theory focuses on the role that directors play in providing or securing essential resources to an organization through their linkages to the external environment. Indeed, Johnson, Daily, & Ellstrand, (1996) concur that resource dependency theorists provide focus on the appointment of representatives of independent organizations as a means for gaining access in resources critical to firm success For example , outside directors who are partners to a law firrn provide legal advice, either in board meetings or in private communication with the firm executives that may otherwise be more costly for the firm to secure. It has been argued that the provision of resources enhances organizational functioning, firm's performance and its survival (Daily, Dalton,.& Canella, 2003). According to Hillman, Canella & Paetzold (2000), the directors bring resources to the firm; such as information, skills, access to key constituents such as suppliers , buyers, public policy-makers, social groups as well as legitimacy. Both the stakeholder theory and the resource dependency theory are relevant to the sustainability of the banking sector.

3 Methodology

Primary data was used for the study and the supervisory/regulatory authorities of the Nigerian banking sector constituted the study population. The three authorities picked were the Central Bank of Nigeria (CBN), the Nigeria Deposit Insurance Corporation (NDIC) and the Securities and Exchange Commission (SEC). A total of 70 samples were selected from the three authorities in the ratio of 4:2:1 This is because the CBN controls and directs the activities of the banks more than the others. The NDIC conducts periodic examination on the books of the banks while the contact with SEC is very minimal and does not go beyond capital market activities of the banks hence the ratio for each of them respectively. The respondents from the regulatory/supervisory authorities were randomly selected and they were stratified into two groups - Senior Staff and Junior Staff in the ratio of 60:40. The reason for this ratio was that the senior staff are considered more knowledgeable and better exposed to banking principles and practices than the junior staff. Out of the 40 selected from the CBN, 24 were senior staff while 16 were junior The same ratio goes for both the NDIC and SEC. In all, 70 questionnaire were administered and from these, 55 were duly filled and returned The study made use of 5 point Likert scale ranging from Strongly Agree = 5 Agree = 4 Not Sure = 3 Disagree = 2 and Strongly Disagree = 1 to measure the general responses of the respondents. It also made use of 3 point scales to measure each of corporate governance mechanisms and commitment to sustainable banking

Research Hypotheses

Three hypotheses were formulated for the study and these were:

(i) There is no significant relationship between corporate governance mechanisms and the requirements for commitment to sustainable banking.

(ii) Nigerian banks are not committed to sustainability, responsibility accountability, transparency, sustainable markets and governance.

(iii) Corporate governance is not significant to sustainable banking in Nigeria

4 Results and Discussions

Tables 1 below shows the respondents perception of the extent of significance of each of the identified corporate governance mechanisms while Table 2 shows the measure of commitment attributable to each element of sustainable banking' Tables 3 – 6 are used to test the three hypothesis formulated for the study

Table 1: Measures of Corporate Governance

Mechanism	Very Significant w = 3	Significant w = 2	Less Significant w = 1	Mean
Board Responsibilities	19	25	11	2.15
Accountability	20	26	9	2.20
Transparency	21	24	10	2.20
Disclosure of Information	18	28	9	2.16
Board Composition	20	25	10	2.18
Internal Controls	21	26	8	2.24

Source: Field Survey, 2012
w = weight

From the above table, the mean for each of the mechanisms is above 2 out of a 3 point scale. This indicates that the identified corporate governance mechanisms are at least significant

Table 2: Measures of Commitment to Sustainable Banking

Commitment	High . w = 3	Moderate w = 2	Low w = 1	Mean
Sustainability	5	15	35	1.45
Responsibility	8	13	34	1.53
Accountability	7	16	32	1.55
Transparency	6	15	34	1.49
Sustainable Market	8	12	35	1.51
Sustainable Governance	6	16	33	1.51

Source: Field Survey, 2012
w = weight

From the above table, the mean for each of the commitments is below 2 out of a 3 point scale. In fact they revolve around 1.5 which indicates that the identified commitments are not moderately attended to. The implication of this is that Nigerian banks hardly show commitments to sustainable banking

4.1 *Hypotheses Testing and Analysis*

Hypothesis 1

Table 3: ANOVA

There is no significant relationship between corporate governance mechanisms and the requirements for commitment to sustainable banking

Source of Variation	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	3.275	2	1.638	3.262	.046
Within Groups	26.107	52	.502		
Total	29.382	54			

Source: Result from Field Survey, 2012

From the result, it is shown that the sum of squares for between groups and within group are 3.275 and 26.107 respectively. The mean square shows values of 1.638 and 0.502 respectively. However the F-statistic values which helps to tell about the overall significance of a model and its goodness of fit shows a value of 3.262. This result is above the tabulated value of 3.00 with 0.05 degree of freedom. The result from the table shows that there is a significant relationship between corporate governance mechanisms and the requirements for commitment to sustainable banking in Nigeria. Since it is highly significant. we accept the alternative hypot

Hypothesis 2

Table 4: Frequency Distribution

Nigerian banks are not committed to sustainability, responsibility, accountability, transparency, sustainable markets and governance.

Response	x	F	Fx	X	S	%
Strongly Agree	5	19	95			34.55
Agree	. 4	26	104			47.27
Not Sure	. 3	3	9	4.02	0.995	5.45
Disagree	. 2	6	12			10.91
Strongly Disagree	. 1	1	1			1.82

Source: Result from Field Survey, 2012

Table 3 shows a simple descriptive statistics with a mean score of 4.02 and a standard deviation of 0.995. This indicates that majority of the respondents agree with the view that Nigerian banks are not committed to sustainability, responsibility, accountability, transparency, sustainable markets and governance.

Table 5: Descriptive Statistics

Variable	N .	Mean	Standard deviation	Percentage
Nigerian banks are not committed to sustainability, responsibility, accountability transparency, sustainable markets and governance.	55	4.02	0.995	81.82

Source: Result from Field Survey, 2012

About 82% of the respondents agreed that Nigerian banks are not committed to sustainability, responsibility, accountability, transparency, sustainable markets and governance. Thus with a mean score of 4.02 from a maximum point of 5 using the Likert scale, and a cumulative percentage of about 82%, the null hypothesis is accepted.

Hypothesis 3

Table 6: Chi Square Statistics
Corporate governance is not significant to sustainable banking in Nigeria

Response	Observed O	Expected E	Residual (O – E)	(O – E)2	(O –E)2 / E
Strongly Agree	18	11	7	49	4.45
Agree	27	11	16	256	23.27
Not Sure	5	11	-6	36	3.27
Disagree	3	11	-8	64	5.82
Strongly Disagree	2	11	-9	81	7.36
Total	55				44.17

Source: Result from Field Survey, 2012

Decision Rule: Reject Ho where X^2 calculated is greater than X^2 tabulated, otherwise accept H1

$$(X^2) = \frac{\sum(O - E)^2}{E} = 44.17$$

Degree of Freedom (d.o.f.) = n-1
Where n = number of rows
Therefore d.o.f. = 5-1 =4
Tabulated (X^2) at 0.05% level of significance for 4 degrees of freedom is 9.488

Decision: Since the calculated X^2 is greater than the tabulated, the null hypothesis (Ho) is rejected This indicates that corporate governance is significant to sustainable banking in Nigeria

Empirical Findings

-There is a significant relationship between corporate governance mechanisms and the requirements for . . commitment to sustainable banking sector.

.
-The Nigerian banking sector does not show serious commitment towards sustainability

.
-Corporate governance is very significant to sustainable banking in Nigeria.

5 Concluding Remarks

This study observed the significant association between corporate governance and the sustainable banking sector in Nigeria. It investigated the relationship between corporate governance mechanisms and the requirements for a sustainable banking sector. To accomplish the set objectives, the method of data analysis adopted include analysis of variance (ANOVA), descriptive statistics and chi square statistics. Consequently, the study found out that despite the association between corporate governance and sustainable banking sector, Nigerian banks are not so committed to the tenets of sustainability. The authors are of the opinion that unless banks embark on an effective and endurable corporate governance practices as well as showing serious commitment towards sustainability, responsibility, accountability, transparency, sustainable markets and governance, sustainable banking will continue to be a mirage to the seemingly volatile Nigerian banking sector

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