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CORPORATE GOVERNANCE CODES AND INTELLECTUAL CAPITAL DISCLOSURE OF LISTED DEPOSIT MONEY BANKS IN NIGERIA

OLUFEMI, GINA OGHOGHO
Department of Accountancy Wellspring University,
Benin City, Nigeria
Email: atugina18@gmail.com

&

AGBO, INNOCENT SUNNY
Department of Accounting, Igbinedion University,
Okada, Edo State, Nigeria
Email: blessedsamsun@gmail.com

Abstract

This study examined the impact of corporate Governance codes on the intellectual capital disclosure index of listed deposit money banks in Nigeria. The specific objective of this study was to examine the impact of remuneration packages and shareholders relations on the intellectual capital disclosure index of listed deposit money banks in Nigeria. Data were gotten from the annual reports of the selected DMBs over the periods studied. The study covered a period of ten (10) years spanning 2012 to 2021. The study adopted the panel data methodology. The Hausman test was used to estimate the most appropriate panel data variant for the study. The study reported that, remuneration packages have positive yet significant effect on intellectual capital disclosure index of listed deposit money banks in Nigeria. However, shareholder ratio (relations) has a negative but significant effect on the intellectual capital disclosure index of listed depository banks in Nigeria. The study recommended to the Financial Reporting Council of Nigeria (FRCN) to ensure that corporate governance guidelines which address shareholders relationship related issues such as reiterating the importance of general meetings, communication with and equitable treatment of shareholders should be revisited.

Keywords*:* Corporate governance codes, intellectual capital disclosure, remuneration packages, and shareholders relationship.

JEL CODE 05-SJ

Introduction

Corporate governance codes and intellectual capital disclosure nexus remain one of the most interesting discourses among academicians, theorists, and empiricists all over the globe in recent time. It is believed that if corporate governance is well practiced by organizations, there is the high likelihood that the intellectual capital of the most valuable asset-human resource would be enhanced very greatly. Subsequently, efficient implementation of corporate governance codes improves the financial statements by reporting information regarding intellectual capital which indicates the ability of firms in managing their own assets and reflecting their value. Similarly, if corporate governance codes adhered to by the company are fully disclosed in their financial reports, it will play an important role in reducing the agency problem by representing management transparency and accountability in business (Kamath, 2019). In addition, the disclosure of information about intellectual capital reflects the ability of companies to manage their assets to create in the long term competitive advantage by increasing the percentage of knowledge-based investments (Ibadin, 2016).

Modest, Doaa, and Khaled (2018) opine that, corporate boards of directors (BODs) are expected to perform different functions for the smooth running of every corporate organization. Indeed, they are expected to initiate organizational change, facilitate change processes that support the organizations' missions, formulate corporate policy, approve strategic plans, and authorize the sale of additional securities. They are also expected to hire, advise, reward and, if necessary, fire ineffective management, organize succession relationships and appoint new members with the approval of shareholders. Therefore, the efficiency in monitoring managers and exercising control on behalf of shareholders depends on a number of factors: the role of independent non-executive director on board, the impact of board size on board and the effect of Women director on board.

Furthermore, to ensure that, Nigerian firms adhere to global best corporate governance practices, the corporate governance code (2018) states that, companies should publish in an annual report all financial and non-financial information required in the Code. Specifically, the code stressed the need for accountability, leadership effectiveness, issuance of share capital, financial statements, corporate governance (composition of the board, number of meetings held, the names of the company secretary and senior management members, diversity policies, board functions, results of the annual evaluation, among others), risk management and internal control, CSR policies, transactions with related parties, shareholders' relationship, stakeholders' relationship, remuneration packages amongst others.

Although, a number of studies have been conducted on the impacts of corporate governance on intellectual capital release, developing and developed countries are yet to fully disclose sufficient information on intellectual capital. Again, most related studies conducted in and outside the Nigerian context only focused on the effect of corporate governance on intellectual capital disclosure without necessarily looking at how the corporate governance codes such as accountability, leadership effectiveness, remuneration packages and shareholders relationship influences the intellectual capital disclosure of quoted deposit money banks in Nigeria. For example, Adamu and Ivashkovskaya (2022) investigated the effect of intellectual capital on corporate risk disclosure in the Nigerian banking sector using proxies such as bank size, institutional investors, financial leverage, liquidity, Independent manager and human capital. Likewise, Shahzad, Shah, Lai, Jan, Shah, and Shad (2022) explored the nexus of corporate governance and intellectual capital efficiency: from the lens of profitability of services firms in Pakistan from 2016–2020 using proxies such as independent directors, board size, audit committee, remuneration committee, CEO duality for corporate governance and the pulic model for computing intellectual capital efficiency unlike this present study which measured Intellectual capital as scores obtained from the disclosure index divided by maximum possible scores. Mardan, Che-Adam, and Abdullah (2021) examined the effect of moderating role of intellectual capital on corporate governance and company performance, corporate governance proxies considered were: board size, board change, meeting, managerial ownership, block ownership, and CEO duality and intellectual capital. Adebayo, Oyewole and Lamidi (2021) also investigated the impact of corporate governance characteristics on intellectual capital of listed non-financial companies in the Nigeria Exchange Group from 2010 to 2019 using proxies such as board size, board meeting and board independence of which all had negative impact on intellectual capital measured as the sum of capital employed efficiency plus human capital and structural efficiency. Aslam and Haron (2020) examined the impact of internal corporate governance structure (board size, non- executive director, CEO duality, Shariah board and audit committee) on intellectual capital efficiency of 129 Islamic Banks selected from 29 organizations of Islamic Corporation countries between 2008 and 2017 using two step systems Generalized Methods of Moments (GMM) to analyze the data. In a closely related study of Oziegbe (2018) of corporate governance structure and intellectual capital disclosure of listed health care firms in Nigeria, while he used intellectual capital disclosure index as used in this present study as dependent variable, the independent variables of board size, board composition, size of audit committee and frequency of board meetings were different from this present study including the sector of the economy considered.

The justification of this present study stem from the inconsistencies in the findings of the above research as highlighted in the empirical review, the currency of the period scope of this study, variables measurement difference of corporate governance disclosure and intellectual capital structure as there is a limited study on the impact of corporate governance code in relations to remuneration packages and shareholder relations on intellectual capital disclosure index of listed deposit money banks in Nigeria. Also it should be noted that in previous studies shareholder relations were not considered as variable of corporate governance code unlike this present study, hence contribution to knowledge. Thus, the specific objectives include:

1. To find out the impact of remuneration packages on the intellectual capital disclosure index of listed deposit money banks in Nigeria.
1. 2. Investigate the impact of shareholder relations on the intellectual capital disclosure index of listed deposit money banks in Nigeria.

Litrature Review

Corporate Governance Codes

The term corporate governance codes according to Ozili (2021), are set of principles for the best practice in corporate governance. In other words, corporate governance codes vary across borders, so it is paramount to state that their recommendations depend on a particular country's legal and business context. Similarly, corporate governance codes are checklists for corporate governance professionals to monitor their governance progress and the board's responsibilities to the corporation efficiency, including skill, time management, etc.; responsibility; a fee specifically to ensure its compliance with industry standards; and shareholder relations. Simply put. The Administrative Code defines standards for the expectations of corporate boards in protecting the investments of shareholders.

Furthermore, corporate governance codes ensure that, those at the helm of affairs should be transparent, informative and devoid of corrupt practices. The implication is that, a transparent government will lay wonderful precedence that, others can follow suit. Over time, regulators of firms in Nigeria ensures that, the structures, frameworks, policies, and procedures, to define formal and informal rules regulating organizations, to enforcing and enforcing those rules and regulations are in line with best corporate governance practices (Nuhu, & Ahmad, 2017). In view of the above corporate governance codes are rules and ethical standards which define the relationship that has been formed and the essence of these relationships that are essential to maintaining a moral equilibrium between social order need and equity.

Remuneration Packages

The term "remuneration" means compensation or payment of any kind for the provision of services. The term includes remuneration paid in the form of salary, wages or commission, but can also include non-monetary incentives and benefits such as a company car, medical plan, accommodation or meals. In addition, competitive pay can help attract quality candidates and make existing employees happier and more productive (Balkin & Werner, 2023). Additional compensation, such as bonuses and vacations, can motivate performance and retain key employees longer and attract more talented employees.

According to Nugraha, and Pibriari (2023), to ensure alignment, it is recommended that businesses develop a remuneration policy. This policy could incorporate an outline of the guiding principles that decide how the company compensates staff and provide clarity in terms of current market rates, as well as superannuation, minimum entitlements, and any extra benefits. On the other hand, remuneration packages are based on a mutual agreement between the employer and employee. For this reason, employers are reasonably free to structure remuneration packages as they see fit if the employee agrees. However, the package must also satisfy the minimum pay and conditions of employment under the National Employment Standards (NES) contained in the *Fair Work Act 2009* or the minimum wage under the applicable Modern Award or enterprise agreement covering your employee for the employee's classification. It should also meet any additional requirements in the employment contract. The remuneration package should be structured according to the employee's role and responsibilities, industry standards, and the current market rate for similar positions, taking into consideration the location of work and any skill shortages within the industry (Rahmawati, Margaritis, & Laksono, 2023)

The Code requires companies to not just disclose the remuneration of directors but to disclose the policy underpinning the remuneration, such that it can be seen as justified and supportive of the underlying and strategic objectives of the company. However, the code ensures that, directors should not set their own pay (Adepoju, 2019). The Code also requires companies to review the remuneration structure to discontinue the practice of providing sitting allowances for Boards and Board Committees and giving undeserved rewards to directors and senior employees. The Code recommends for a claw back policy to recover the undeserved payments to directors and senior employees of companies (Adepoju, 2019).

Shareholder/shareholder relationship

The rules emphasize the need to establish a solid shareholder relationship with the board of the company through the general meeting system to better understand the business, management and performance standards of the company, allowing them to exercise their ownership rights and express their opinions to the board in all areas of interest (Adepoju, 2019).

The rules reinforce the interest to engage in regular dialogue with shareholders to balance their interests and expectations with the company's goals. For this purpose, best corporate practice requires that the Board formulates policies that will endanger such regular dialogue. Ideally such policies should be developed to reflect a balanced understanding of shareholders' issues and should be hosted on the company's website.

Furthermore, the codes ensure that, those who own less than 50% of the shares of a company called the minority shareholders are captured. This is owing to the fact that, the business operation of most banks follows the majority decision; minority shareholders usually have little control over the business. However, through shareholders' agreement, the interest of the minority shareholders can be protected. This can be achieved through the provisions that need unanimous approval for certain decisions. This means that as long as one partner disagrees, the decision will not be passed, regardless of how much the partner owns in the company. Accordingly, such resolutions require unanimous approval and generally include the issuance of new shares or bonds, changes to the capital structure, appointment or removal of directors and changes in significant business operations. Despite the fact that the unanimous approval requirement benefits minority shareholders, it also has disadvantages. This can slow down the decision-making process and reduce efficiency (Gupta, & Krishnamurti, 2023).

Intellectual Capital Disclosure

For proper understanding of the concept of intellectual Capital Disclosure, it is paramount to first define the concept of intellectual capital. According to Stewart (1997) cited by Oziegbe (2018), intellectual capital is knowledge that transforms raw materials and makes them more valuable. The term intellectual capital is defined as the sum of intangible values consisting of human capital, relational capital and structural capital. Bhattachaarjee, Chakraborty, and Bhattacharjee (2017) defined intellectual capital as an intangible asset that is indispensable for a company's competitiveness. In other words, it is a critical resource for the organization and not disclosing it can lead to information asymmetry. By assuring a company's investors about various aspects of its operations or performance, greater disclosure leads to a reduction in information asymmetry between managers and investors, and ultimately to a reduction in investors' information costs (Hasan, Mohammad, & Alam, 2017).

In some developing countries, such as the Gulf Council (GCC), intellectual capital disclosure is not yet widely used in organizations and is not formally regulated. Intellectual capital would help improve corporate governance by changing management style, structuring and formulating appropriate strategies and policies to protect investors and users of financial information and reduce the agency problem. As mentioned by Oziegbe (2018), intellectual capital can be defined as the intangible value of a company that includes people, natural relationships and technological infrastructure. In addition, intellectual capital is considered a tactical part of real capital that makes a company more attractive and competitive. This led to a shift from financial and physical resources to information-intensive activities. Therefore, the task of corporate governance is to create, develop and use the intellectual capital contained in the people, structures and processes of the company. That is why intellectual capital is a key factor in the future sustainability and success of a company.

Intellectual capital can be represented as a repository of information about resources and the users of those resources, including physical and intangible assets, management style, internal and external communications, human skills and abilities to deliver value or solve problems, and technical infrastructure (Tejedo-Romero, Araujo, & Emmendoerfer, 2017). An, Eggleton, Umesh, Harun, and Luo (2017) argue that Intellectual Capital exists in every firm regardless of the efficiency of governance boards to exploit it. Nonetheless, the researchers further note that the effectiveness of Intellectual Capital depends upon the best practices of corporate governance, as corporate governance is a performance driver and adds value to a firm. Intellectual resources are strategic assets for the successful operation of a company, so companies must effectively manage them to protect and preserve them (Oziegbe, 2018).

Oziegbe (2018) adds that, intellectual capital disclosure checklist is made up of 32 items categorized into structural or internal capital (7 items), Relational or external capital (10 items), and human capital (15 items). Specifically, a bank will score 1, if such bank discloses any of the ICD items otherwise scored 0 if such firm does not. Finally, the intellectual capital disclosures (ICDS) are expressed as the percentage of the ICDS score obtained from each firm to the maximum possible score. This index was applied in this present study to measure intellectual capital disclosure. According to Muttakin, Khan and Belal (2015), intellectual capital disclosure checklist comprises of the following:

Internal Capital Category

1. Intellectual properties: It is a term that encompasses patents, copyrights, trademarks, trade secrets, licenses, commercial rights and other related fields.
2. Management philosophy: The way leaders in the firm think about and its employees i.e. the way a firm is managed.
3. Corporate culture: Company working culture.
4. Processes: Management or technical processes implemented in the company
5. Systems: Information systems available in the company
6. Networking: The systems available in a firm that allows interaction of people via a broad array of communication media and devices.

7. Financial relations: seen as a favourable relationships the company has with investors, banks, and other financiers, financial rating, financial facilities available, and listings.

External Capital Category

1. Brand: The description of company's owned brands
2. Customer satisfaction and loyalty
3. Quality standards which Includes ISO accreditations, reference to quality initiatives.
4. Company image/ reputation as perceived by the stakeholders of the company.
5. Favourable contract signed.
6. Business collaborations with partners which did not lead to formal agreements.
7. Licensing agreements with other companies
8. Franchising agreements signed.
9. Supply chain management and distribution.
10. Market share: reference to any product/division market share or competitive Position.

Human Capital Category

1. Total number of employees.
2. Description of knowledge and expertise or skills of directors and other employees.
3. Vocational qualifications that is any additional qualification held by employees and directors.
4. Employee training programme if any
5. Education profile of both directors and other employees
6. Work related knowledge to employees' current job description, including previous working experiences.
7. Entrepreneurial and innovativeness spirit of employees
8. Trade union relations.
9. Thanks given to the employee.
10. Community involvement of company and its Employees
11. Employee share and option scheme
12. Employee benefits such as pension fund, gratuity and life assurance
13 Profit sharing with Employee.
14. Employee occupational health and safety.
15. Equality issues Equity issues such as race, gender

Empirical Review

Adamu and Ivashkovskaya (2022) studied the impact of intellectual capital on corporate risk disclosure in the Nigerian banking industry. Out of the population of 14 deposit money deposit banks, a total of eight banks made up the sample. Strategic and environmental risk disclosures are overshadowed by operational risk disclosures, according to the manual's content analysis. Banks also tend to share a lot of good news and non-financial information about the past instead of negative news and future and financial risks. In addition, the regression results in the analysis of variables affecting risk disclosure behavior show that intellectual capital, bank size, institutional investors and financial leverage are the most important factors that determine whether to increase risk or not. Furthermore, both internal and external capital are critical components of intellectual capital in explaining the risk exposure of Nigerian banks. Liquidity, independent managers and human capital, on the other hand, have little influence on banks' disclosed risk information.

Shahzad, Shah, Lai, Jan, Shah, and Shad (2022) explored the nexus of corporate governance and intellectual capital efficiency: from the lens of profitability of forty-seven service firms in Pakistan from 2016–2020 using proxies such as independent directors, board size, audit committee, remuneration committee, CEO duality for corporate governance and the pulic model for computing intellectual capital efficiency. The study revealed that intellectual capital efficiency has a significant negative relationship with independent directors, board size, audit committee, remuneration committee while there exist a positive significant relationship between CEO duality and intellectual capital efficiency. However, when moderated with profitability, audit committee and remuneration committee become positively significant to intellectual capital efficiency.

Mardan, Che-Adam, and Abdullah (2021) examined the effect of moderating role of intellectual capital on corporate governance and company performance. The various corporate governance proxies considered are: board size, board change, meeting, managerial ownership, block ownership, and CEO duality and intellectual capital. The study adopted the documentary approach and reported that intellectual capital combined with corporate governance structure is the key to firm growth and can better explain differences in firm financial performance.

Adebayo, Oyewole and Lamidi (2021) examine the impact of corporate governance characteristics of listed non-financial firms in Nigeria. One hundred and forty-nine (149) non-financial companies listed in the stock exchange form the main collection of the study, from which sixty-four (64) companies were selected using a purposive sampling technique, whose annual report of 2010 contained sufficient information for the study to 2019. The study used multiple regression analysis on the effect of board size, board meeting and board independence on intellectual capital. The study revealed that board size, board meeting and board independence have a negative relationship with intellectual capital among non-listed firms in Nigeria.

Aslam and Haron (2020) examined the impact of internal corporate governance structure on intellectual capital efficiency of 129 Islamic Banks selected from 29 organizations of Islamic Corporation countries between 2008 and 2017 using two step systems GMM to analyze the data. The results of the study revealed that board independence exert significant positive impact on human capital efficiency.

Duho, Omaha, Hodey, and Owodo (2019) studied the relationships between corporate governance, director's remuneration and intellectual capital (IC) performance of Ghanaian banks using a panel dataset of 29 banks that operated from 2000 to 2014. The Value Added Intellectual Coefficient (VAIC™) of Pulic (2000, 2001, 2004) is used as the proxy for IC. The results indicated that larger board size, board independence and efficiency of investment in human capital negatively affect IC performance at 5% significant level. More so, income diversification and competition inhibits IC performance at 10% level of significance. Profitability increases IC performance, at 1% significant level. As regards the effect of corporate governance on director's remuneration, there is evidence to suggest that, stable banks pay high remuneration to directors but on the contrary less profitable banks are those paying higher remuneration. Again, as board size increases, director's remuneration also increases but as boards become more independent, remuneration declines. Competition and income diversification reduces director's remuneration but bigger banks pay higher remuneration to directors. At 1% significant level, the result suggests that local banks and private owned banks are fond of paying higher remuneration to directors.

Kamath (2019) found in a study to examine the impact of corporate governance characteristics on intellectual capital using a sample of 95 listed Indian firms that board meeting has significant negative impact on intellectual capital of larger firms but insignificant positive impact for smaller firms.

Chukwu (2018) examined the effect of corporate governance attributes on intellectual capital of quoted banks in Nigeria from 2013-2016. The sample size of the study carried out on the intellectual capital disclosure practice consists of all listed (30 bank) in Nigeria, from which data were collected from their annual reports. This study investigates the effect of intellectual capital disclosure (ICD) on the corporate governance attributes of listed banking companies in Nigeria. Moreover, hypotheses were formulated in accordance with the objectives and were tested with regression analysis by SPSS in order to ascertain the relationship between the board characteristics and intellectual disclosure of the firms. The study finds no significant relationship between intellectual capital disclosure and other variable like number of independent directors to the board, frequency of board meeting, ownership concentration and shareholders.

Oziegbe (2018) investigated the effect of corporate governance structure on intellectual capital disclosure of health care firms in Nigeria form 2013-2017. Out of a total population of ten, seven firms were sampled. The study revealed that audit committee size and frequency of board meetings are insignificantly related to intellectual capital disclosure while board size and composition are positively and significantly related to intellectual capital disclosure.

Hasan, Mohammad and Alam (2017) investigated the factors affecting intellectual capital reporting by examining the annual reports of 40 Dhaka-listed banks and it was found that corporate reputation, which represents board size and board independence have a significant positive impact on intellectual capital disclosure.

Ibadin (2016) investigated the determinants of structural and relative intellectual capital disclosure of listed companies in Nigeria. In particular, he investigated the relationship between the level of disclosure (structural and relative) and specific characteristics, namely company size, financial leverage, audit firm size, national differences of companies, age of company, profitability, ownership concentration, type of industry, foreign activity of company, and ratio of market to book value of assets. The study employed a content analysis method to examine the annual reports of the sampled companies. In this context, Lev's (2001) Value Chain Score Board implementation and commercialization items were used as a disclosure checklist. Two models were used, with public structural intellectual capital assets and information on relational intellectual capital assets as the dependent variables. A panel of 157 companies from 33 industries was analyzed for the period 2006-2010. The study found that financial leverage was positively and significantly related to the disclosure of structural intellectual capital assets, but positively and statistically insignificant to the disclosure of relative intellectual capital assets.. Foreign activities of company and size of auditing firm were positively related and statistically significant to Disclosures of relational intellectual capital assets.

Faisal, Hassan, Shahid, Rizwan, and Qureshi (2016) examined the effect of corporate governance practices on intellectual capital efficiency of 21 commercial banks listed in Karachi stock exchange from 2010 to 2014. Independent Variables are CEO Duality, Board Size, Board Composition, Number of Board Meetings and Director’s Ownership. Intellectual capital efficiency is the dependent variable. The empirical findings show that CEO duality and board meetings have significant negative impact while board size and director’s ownership have significant positive impact on intellectual capital efficiency. Impact of board composition is found non-significant.

Methodology

This study adopted the ex-post facto research design. As an empirical study, it made use of only past data in the form of secondary data extracted from audited financial statements to investigate the effect of firms’ attributes on financial performance among selected listed firms in Nigeria. The population of the study is all the twenty one (21) listed deposit money banks in the Nigerian exchange group as at 31st December, 2021. Out of the 21 listed DMBs as at 31st December, 2021, the study sampled 15 of these banks. The banks were purposively sampled because the researcher could not access the financial statements of the other banks for the relevant years of the study (2012-2021). These banks include: Access Bank, Eco Bank of Nigeria, First Bank Nigeria Plc, Fidelity Bank, First City Monument

Bank, Guarantee Trust Bank, Keystone Nigeria Limited, Polaris Bank Plc, StanbicIBTC, Skye Bank, United Bank for Africa, Unity Bank, Union Bank Plc, Wema Bank Plc., and Zenith Bank.

Method of Data Collection

The study utilizes the secondary data from Banks' Annual Reports of the selected deposit money banks, Nigerian Deposits Insurance Corporation (NDIC) and the Nigeria Exchange Group Fact Book as they are more reliable.

Method of Data Analysis

This research work adopted the Panel Estimation technique through the aid of Econometric Views version 9.0. This technique is most appropriate for study variables which have both time series and cross-sectional data characteristics.

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Model Specifications

The model used in this study was neither adopted nor adapted. Hence, our model for this study is expressed as

$ICD_{it} = \alpha + \beta_1 REPit + \beta_2 SHRit + \mu it$---1

Where:

ICD	=	Intellectual Capital Disclosure
REP	=	Remuneration Packages
SHR	=	Shareholders' Relationship
α	=	constant
$\beta 1 - \beta 2$	=	Coefficient of the parameter estimate.
μ	=	Stochastic error or term.
t	=	Time Period (2012-2021)

Apriori Expectation

It is expected that accountability, leadership effectiveness, remuneration packages and shareholders' relationship will have a positive effect on the Intellectual capital disclosure. The proposed expectation is presented as: ACT>0, LEF>0, REP>0, SHR>0

Table 1: Operational Definitions of Research Variables

Name of Variables	Nature of Variable	Operational Definitions	Authors
Intellectual Capital Disclosure (ICD)	Dependent	Intellectual capital disclosure index adapted measured as scores obtained divided by maximum possible scores.	Adamu, & Ivashkovskaya (2022)
Remuneration Packages (REP)	Independent	Annual amount paid to directors plus other emoluments. If the bank discloses it 1 otherwise 0.	Duho, Onumah, Hodey, and Owodo (2019)
Shareholder's Relationship (SHR)	Independent	This covers 4 items. The company is scored 1 if it records any of the items otherwise score 0. These items include: (i)Meeting with shareholders (MWS), (ii) Protection of shareholders (POS); (iii) Disclosure of Venue for meeting (VOM);	Chukwu (2018).

		(v)Resolutions (R);	

Source: Researcher's Computation Based Extant Studies, 2023

Data Analyses and Interpretation

Data Analysis

Table 2: Descriptive Statistics

	ICD	REP	SHR
Mean	1.256629	0.846667	0.625333
Median	1.279000	1.000000	0.600000
Maximum	2.437400	1.000000	1.000000
Minimum	0.255800	0.000000	0.200000
Std. Dev.	0.390984	0.361516	0.179928
Observations	**150**	**150**	**150**

Source: Author's Computation Using E-views 9 (2023)

As observed, the average value for the amount of intellectual capital disclosure by the selected banks is 1.256629 but deviated by 0.390984. This reveals that, ICD did not deviate much away from its mean value. More so, it has maximum and minimum values of 2.437400 and 0.255800 respectively. Additionally, the mean of the remuneration packages (REP), and shareholders relationship (SHR) are: 0.846667, and 0.625333 but deviated by 0.361516, and 0.179928 respectively. This reveals that, ACT, REP, and SHR did not deviate much away from its mean value.

Table 3: Random Effect Model

Dependent Variable: ICD
Method: Panel EGLS (Cross-section random effects)
Date: 01/07/23 Time: 07:56
Sample: 2012 2021
Periods included: 10
Cross-sections included: 15
Total panel (balanced) observations: 150
Swamy and Arora estimator of component variances

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1.267620	0.330854	9.069300	0.0000
REP	0.254630	0.069973	2.336413	0.0208
SHR	-0.624383	0.330854	-8.923172	0.0000

Effects Specification

	S.D.	Rho
Cross-section random	0.403879	0.7999
Idiosyncratic random	0.202003	0.2001

Weighted Statistics

R-squared	0.704685	Mean dependent var	0.196313
Adjusted R-squared	0.682772	S.D. dependent var	0.197311

S.E. of regression	0.199545	Sum squared resid	5.773649
F-statistic	12.85114	Durbin-Watson stat	1.809437
Prob(F-statistic)	0.000000		
	Unweighted Statistics		
R-squared	0.604456	Mean dependent var	1.256629
Sum squared resid	22.87885	Durbin-Watson stat	1.656625

The F-statistics value for the result in table 3 stood at 12.85114 while its P-value is estimated at 0.0000 indicating that on the overall, all the study variables jointly determines intellectual capital disclosure. Also, the value of R^2 is 0.704685 indicating that about 70.47% of the variations in intellectual capital disclosure could be explained by changes in intellectual capital disclosure while about 46.18% could be accounted for by other unexplained factors, including the error term. Lastly, the Durbin-Watson test of first order autocorrelation which have estimated value of 1.809437 (approximately 2) indicate that errors are uncorrelated indicating absence of serial correlation within the period of the study.

Test of Hypotheses

Hypothesis One

Ho_1: Remuneration packages have no significant effect on intellectual capital disclosure index of listed deposit money banks in Nigeria.

In Table 3, the result revealed that Remuneration packages (REP) has a probability value of 0.0208. This indicates that Remuneration packages (REP) has significant impact on Intellectual capital disclosure denoted by ICD. Hence, the alternative hypothesis three which states that Remuneration packages (REP) has significant impact on ICD of selected deposit money banks in Nigeria is accepted while the null hypothesis three is rejected instead.

Hypothesis Two

Ho_2: Shareholders relationship has no significant effect on intellectual capital disclosure index of listed deposit money banks in Nigeria.

In Table 3, the result revealed that corporate Shareholders relationship (SHR) has a probability value of 0.0000. This indicates that shareholders relationship (SHR) has significant impact on Intellectual capital disclosure denoted by ICD. Hence, the alternative hypothesis four which states that Shareholders relationship (SHR) has significant impact on Intellectual capital disclosure (ICD) of selected deposit money banks in Nigeria is accepted meanwhile the null hypothesis four is rejected instead.

Conclusion and Recommendations

The result analysis shows that remuneration policy and packages (REP) was found to have positive effect on intellectual capital disclosure. This implies that, a unit rise (decrease) in remuneration policy and packages (REP) disclosure will increase (decrease) ICD by a significant value of 0.254630. In terms of statistical significant, it passed the test of statistical significance since its p-value estimated at 0.0208 is below 5% level of significance. This reveals that, remuneration policy and packages (REP) disclosure is a major determinant of ICD among quoted DMBs in Nigeria. This study deviated from the findings of

Shahzad, Shah, Lai, Jan, Shah, and Shad (2022) and Duho, Onumah, Hodey, and Owodo (2019). Justifiably, the later authors reported that, director's remuneration reduces intellectual capital (IC) performance of service firms in Pakistan and Ghanaian banks respectively.

The implication of the above result is that, remuneration policy and packages (REP) disclosure plays a significant role in improving employee skills (human capital), technological innovation and breakthrough (structural capital) and relationships with customers (direct relational capital). This further reveals that, remuneration policy and packages (REP) disclosure is a major predictor of higher intellectual capital disclosure (ICD) in the Nigerian deposit money banks.

Shareholders relationship (REP) was found to have negative effect on intellectual capital disclosure. This implies that, a unit rise (decrease) in shareholders relationship (REP) will decrease (increase) ICD by a significant value of 0.674997.
This reveals that, the discords among shareholders have the ability to reduce the ICD of such bank. In terms of statistical significant, it passed the test of statistical significance since its p-value estimated at 0.0002 is below 5% level of significance. This reveals that, shareholders relationship (REP) disclosure is a major deterring factor which influences ICD among quoted DMBs in Nigeria. The implication of this result is that, the pursuit of shareholder interests though may require ceding a role in corporate governance to employees in order to motivate their investing in firm-specific human capital, such action may be reduce intellectual capital disclosure especially if there are conflict of interest by shareholders of a bank.

In light of the researcher's findings, the following recommendations were made. The financial reporting council of Nigeria (FRCN) should ensure that corporate governance guidelines which address shareholders relationship related issues such as reiterating the importance of general meetings, communication with and equitable treatment of shareholders should be revisited. To achieve this, they must ensure that, the board must have to protect their interests, guarantee their rights are treated fairly and, in particular, to protect minority shareholders; and at the same time must encourage their participation.

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