Corporate Governance and Unemployment in the Banking Sector: The Nigerian Trajectory

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Abstract
In Nigeria, there are a number of factors that constitute fundamental constraints to efficient employment generation among the teeming and unemployed youth, and the objectives of employment policies mostly in the banking sector have been marred by lack of good corporate governance. The main purpose of this study is to ascertain the nexus between corporate governance and unemployment in the Nigerian banking sector. The data for the study was sourced from the Central Bank of Nigeria statistical bulletin, National Bureau of Statistics and Nigerian Stock Exchange. The annual rate of unemployment was used as the dependent variable while various indices of corporate governance were used as independent variables. The bound testing approach indicates that a long run relationship exists among the variables in the estimated model. The study recommends among other things that; the development of any nation is tied to the quantum of youth that are gainfully engaged in productive activities to create goods and services that satisfies human wants, thereby reducing the number of industrious young men and women that wallows in poverty and misery. Hence, the inculcation of good corporate governance in the day-to-day activities of firms is identified as a surest way for countries especially developing economies to sustain the level of employment in the banking system. There should be transparency in the implementation of codes of corporate governance so that the stakeholders including employees can effectively judge whether their interests are being served or not, and the government should establish institute of Corporate Governance for teaching and promoting good corporate governance that will obl1ige firms to embrace corporate social responsibilities through the employment of indigenous job seekers thereby reducing the army of unemployed youth in the country.

Keywords: *Corporate governance, unemployment, banking sector, stakeholders, Nigeria*

Introduction

The Nigerian economy was largely dominated by the agricultural sector during the 1960s, which contributed significantly to the gross domestic product (GDP), export and employment, among others. Other sectors of the economy made no considerable impact on the economy. However, with the advent of the oil boom of the 1970s, the structure of the economy and the macroeconomic environment changed. The Nigerian economy has been largely dependent on oil, which exposes it to the vagaries of domestic and external shocks (Adam, 2005). Since then, the economy has been faced with sluggish growth, unstable business cycles and macroeconomic instability resulting in unemployment, abject poverty, low productivity and balance of payment disequilibrium, among others (Ndekwu, 2013, Effiong, Odey & Nwafor, 2019).

The banking system plays a pivotal role in the economic growth and development process in developing economies. In addition, as a result of globalization, the importance of banking in cross-border finance and investment has grown in leaps and bounds. Globally, corporate governance has gained recognition following the substantial changes in the role of private sector in economic development and employment generation, and the increased awareness of the important role of commercial banks in the economy, as the practice of separating ownership from management in modern banking system has become more widespread (Gwala & Mashau, 2022). Corporate governance in banks owes its significance to the role of banks in the economy, and the substantial risks and negative consequences associated with improper banking practices (Kyereboah-Coleman, 2007). It is highly important as banking business is very complex and supervisory authorities cannot singlehandedly supervise banking risks (Omankhanlen & Taiwo, 2013; Al-ahdal, Alsamhi, Tabash & Farhan, 2020).

Predicated on the critical role of banks in the functioning of the Nigerian economy, the issue of corporate governance in the banking sector has been given the front burner status by the issuance of codes of corporate governance by the Securities and Exchange Commission (SEC) and the Central Bank of Nigeria. The Nigerian banking system therefore implements the enterprise risk management (ERM) as enshrined in the codes of corporate governance (Abdullatif &Kawuq, 2015). The CBN in 2014, came up with improved corporate governance principles for commercial banks which constitutes part of its macro-prudential policies. The CBN stopped banks with huge non-performing loans (NPLs) and low capital base from paying dividends effective from January 2017. This is due to the rising non-performing loans and the need to stop further erosion of the capital base of the banks. Consequently, commercial banks in Nigeria are meant to grow their capital with retained earnings as against the previous practice of banks paying out a greater proportion of the profit after tax (PAT) as dividends irrespective of their risk profile and the need to build resilience in the banking sector through adequate capital buffers. Monetary policy was inundated by unabating excess liquidity in the banking system, weakening financial stability indicators, expansionary fiscal policy and contraction in private sector credit. That worsened the unemployment situation thereby making the people to be worse off. From the above analysis, it can be observed that the application of code of corporate governance by the banking system to curb unemployment has not impacted much on the reduction of unemployment in Nigeria and hence the motivation for this study.

Statement of the problem

The core mandates of monetary policy in Nigeria are attainment of price stability and sustainable economic growth and development (CBN, 2021). In striving to attain rapid and sustained economic growth and development, reduction in the rates of unemployment is targeted. This is because improved productivity in all sectors of the economy would likely lead to reduced rates of unemployment as labour and other factors of production are effectively engaged in the production processes. The Nigerian government, through the banking sector has over the years adopted various monetary policy measures to stabilize prices, stimulate economic growth, reduce unemployment and attain economic development. These policies include improved fiscal receipts and accretion to reserves as a result of sustained recovery in oil and other commodity prices, improved oil production, improvement in the capital budget implementation over the years, sustained development finance interventions in the real sector by the Central Bank of Nigeria, and continued implementation of Economic Recovery and Growth Plan (ERGP). The outcome was reflected in improving economic recovery during the years. However, despite the increasing emphasis on the relevance of banking sector in Nigeria, both conventional and unconventional, the problem of rising poverty and unemployment rates as well as declining per capita growth still persists. The implication is that monetary policy executed by the banking sector may not have been really successful in addressing unemployment challenges which have affected the development trajectory of the Nigerian economy.

The unprofessional board size, the incompetent diversity in board composition and audit committee members who lacked knowledge of accounting and financial reporting resulted in poor lending habit and embarking on projects not supported with liquidity. Hence, poor corporate governance has led to reduced access to external financing by firms, high cost of capital and associated low firm valuation which makes investment less attractive to investors, collapse of some banks, as we witness in the early 1990s and post consolidation era, thereby dampening economic growth and development with mounting unemployment rate. All these tend to reduce the potency of the banking system in the adoption of good corporate governance to reduce the scourge of unemployment in the country. This study therefore seeks to empirically establish the nexus between corporate governance and unemployment in the banking sector of the Nigerian economy.

LITERATURE REVIEW AND THEORETICAL FRAMEWORK

Theoretical Framework

This study is based on the Keynesian theory of unemployment and stakeholders' theory of corporate governance. Keynes theory of unemployment is encapsulated in his popular book, the General Theory of Employment, Interest and Money published in 1936. The theory states that unemployment in the economy depends on effective demand. Unemployment is occasioned by lack of monetary and fiscal policies coordination and structural changes in the economic system. In itself, effective demand is depended upon two factors: aggregate demand and aggregate supply function. The aggregate demand function is determined by consumption demand and investment demand. On the other hand, aggregate supply function is depended upon physical or technical conditions of production, which is assumed to be fixed in the short-run. In the Keynesian theory, employment can be increased by increasing consumption and or investment through the application of appropriate economic policies. When income increases, consumption also increases but not the same pace as an increase in income. This means that an increase in income results to an increase in savings. Thus, to increase consumption, the propensity to consume has to be increased so as to increase income and employment. But since the propensity to consume is a psychological concept, it is assumed to be stable in the short run, and since the marginal propensity to consume is stable in the short run, aggregate demand can be increased by increasing investment spending. This theory is relevant to this study in that for unemployment to be wipe-out, effective demand has to be increased by the use of monetary policy to entrench good corporate governance.

The Stakeholders' theory on the other hand, was propounded by Freeman in 1984. It is a theory of organizational management and business ethics that accounts for multiple constituencies impacted by business entities like employees, suppliers, local communities, creditors, and other stakeholders. It addresses morals and values in managing an organization, such as those related to corporate social responsibility, market economy, and social contract (Mallin, 2019). The theory viewed the firm in the context of a wider range of implicit and explicit stakeholders having legitimate expectations, urgent claims, and/or power regarding the firm (Jones & Politt, 2003). Freeman (2004) sses a stakeholder as "any individual or group who can affect or is affected by achievement of the organization's objectives". Thus, stakeholders include shareholders, employees, suppliers, customers, creditors, communities in the vicinity of the company's operations and the general public. Stakeholder theory represents that the company is a separate organizational entity and that it is connected to different parties in achieving wide range of purposes (Donaldson & Preston, 2005). This theory focuses on managerial or strategic decision-making and suggests that the interests of all stakeholders have intrinsic value, and no sets of interests are assumed to dominate others (Abdullah &Valentine, 2009). This theory is therefore relevant to the study as it shows how different stakeholders are important in the company as the management board ensures safeguard of all the stakeholders through implementation of strong corporate governance in a bid to effectively manage an enterprise risk.

Concept and trend of Unemployment in Nigeria

Unemployment refers to a situation where individuals who are employable and actively seeking for jobs but are unable to find jobs. It is usually measured by the unemployment rate, which is dividing the number of unemployed people by the total number of people in the workforce. It is the rate that expresses the total number of the population in the labour market who is willing and able to work at the prevailing wage rate but could not be employed. Unemployment emanated as a result of various factors that come from both the demand side, or employer, and the supply side, or the worker. Demand-side reductions may be caused by high interest rates, global recession, and financial crisis. From the supply side, frictional unemployment and structural unemployment play a great role. Macroeconomic hypothesis demonstrates that undesirable shocks may prompt decline in the face of aggregate demand. This implies that the failure of government intervention via the use of fiscal policy instruments might cause a hindrance in economic activities, thus resulting in unemployment. Unemployment is used as one of the indicators of development because high unemployment rate causes deterioration in the standard of living of the people and an increase in poverty. Thus, an increase in unemployment rate decreases the living standard of the people, which in turn deteriorates economic development (Oti & Odey, 2017).

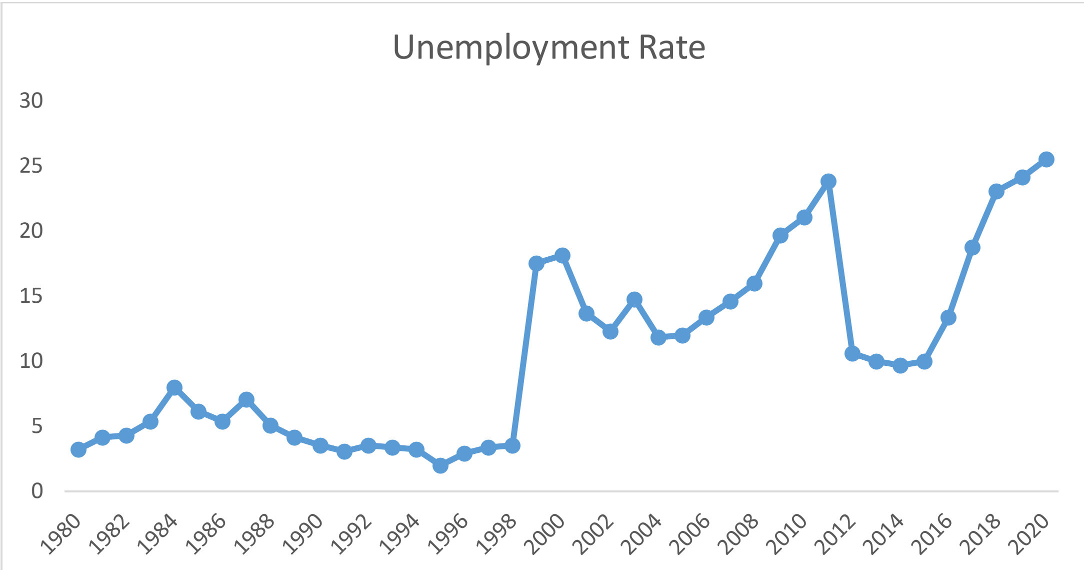

Fig.1: Trend of unemployment in Nigeria, 1980-2020
Source: National Bureau of Statistics, 2021.

Data presented in figure 1 indicated that unemployment rate was 9.10 percent in 1980, but increased to 14.0 percent in 1985 and declined to 10.2 percent in 1990. At 11.9 percent in 1995, unemployment rate increased to 18.1 percent in 1999 but fell to 14.80 percent in 2002. It was 19.7 percent in 2008, 25.7 percent in 2012, 20.4 percent in 2017, and rose to 23.1 percent in 25.6 percent in2020 (NBS, 2021). The annual unemployment rate is used to capture unemployment in this study. The implication of this scenario is that many persons are willing and seeking for jobs but not find any, mostly in the banking sector due the unethical behaviour of management entrusted with the responsibility of managing the firms on behalf of the owners.

Principles and measures of corporate governance

Corporate governance is described as the set of rules, structures and procedures by which investors assure themselves of getting a return on their investment and ensure that managers do not misuse the investors' funds (Shleifer & Vishny, 2003). Oso and Semiu (2012) opined that privileges and equal handling of shareholders; concern of stakeholders; function and responsibilities of the board of directors; uprightness and moral conduct; and transparency and disclosure are the basic principles of corporate governance. The shareholders of an organization have certain fundamental rights and privileges which an organization must, to their very best, uphold and protect without any form of restriction whatsoever (such rights include but not limited to: right to receive notice of annual general meeting, attend them and vote; rights to receive their share of the organization's profit or loss; rights to receive consolidated annual reports and accounts of the organization; rights to audit or inspect the statutory books of the organization etc.). The organization is to ensure that these rights are given clear interpretation and are simplified enough to enable shareholders have a better understanding and a working knowledge of their involvement or participation in the activities of the organization via annual general meetings. There should be equality in the treatment of the various shareholders in an organization such as majority shareholders, minority shareholders, and foreign shareholders as contained in the framework of corporate governance. On the interest of stakeholders, it is believed that stakeholders are those individuals or groups that have an interest in an organization and whose organizational activities are likely to affect them. Such individuals or groups include: shareholders who are concerned with the profit of an organization; employees who are interested in their job safety and payment of wages as at when due; government who are interested in tax payment; creditors who wants their money to be paid as at when due, depositors who want safety for their deposits etc. It therefore, becomes imperative for organizations to fulfill the interest of their stakeholders at all times through adequate recognition of their interest in their policies and operations.

The board of directors is the highest decision-making organ of an organization. Their roles and responsibilities include; ensuring that proper books of accounts are kept and maintained in an organization; that there is effective communications among the various stakeholders; maintain an effective system of internal control; determine and set appropriate strategy that an organization needs to pursue and how to achieve them; they are to ensure that the activities of the organization are well aimed at influencing its profitability while meeting the needs of the various stakeholders; the board of directors are also expected to deal with those issues that relate with corporate governance and risk etc. It therefore, becomes imperative for board members to have the required knowledge and expertise to effectively make good decisions that will enhance liquidity risk management. The size of the board should be sufficient enough with appropriate level of commitment to carry out their duties and responsibilities satisfactorily. On the aspect of transparency and disclosure, prompt and accurate disclosure is one of the key principles of good corporate governance. Accurate and strong disclosure will foster transparency. Organizations are expected to provide information that is accurate, timely and reliable. Such information should be accessed easily by all stakeholders. Each organization is expected to disclose financial information, and equally disclose the policies of the organization that concern their business environment, which outline the relationship between the organization and the communities where they operate; and business ethics, among others. Organizations should further disclose information about its ownership structure, shareholders' voting rights, governance structure and policies. Also, an organization should disclose all types of risks they are exposed to and state clearly the measures put in place to mitigate against the risks. Such disclosure will promote transparency.

Measures of corporate governance are used to assess the quality of corporate governance and the extent to which the set criteria have been met. The criteria are actually standards set by the OECD principles of corporate governance that are often included in the national framework of law. The six OECD Principles are: ensuring the basis of an effective corporate governance framework, the rights of shareholders and key ownership functions, and the equitable treatment of shareholders, the role of stakeholders in corporate governance, disclosure and transparency, and the responsibilities of the board (OECD, 2004).

The measures of corporate governance adopted vary in scope and detail. While the basic principles are taken cognizance of, the following measures of corporate governance in the banking sector are adopted for the purpose of this study: audit activities; policy on insider trading/market abuse; risk management committee; disclosure and transparency; as well as shareholders right. The use of these five measures is streamlined to reflect the code of corporate governance for banks that CBN issued in 2014. The vector of corporate governance dummy variables is used to capture corporate governance in this study.

METHODOLOGY

The study adopted econometric approach to empirically analyze the interplay between corporate governance and unemployment in the Nigerian banking sector. The design for this study is exploratory in nature (Ndiyo, 2005). The adopted design was useful in describing the phenomenon in context of corporate governance and unemployment so as to arrive at a functional relationship linking the dependent and explanatory variables in the study. Thus, factors such as audit activities; policy on insider trading/market abuse; risk management committee; disclosure and transparency; as well as shareholders were considered as relevant factors due to the effects they have on employment and unemployment in the Nigerian banking sector.

The unemployment model is based on the Keynesian theory of unemployment while the corporate governance variables are derived from the stakeholders' theory as earlier explained.

$$UNEMP = f\,(CGOV_1, CGOV_2, CGOV_3, CGOV_4, CGOV_5, GEXP, EXR, MAN/GDP, AGR/GDP) \quad 3.1$$

From equation (3.1), the model is express in an econometric form as:

$$UNEMP = \chi_0 + \chi_1 CGOV_t + \chi_2 CGOV_t + \chi_3 CGOV_t + \chi_4 CGOV_t + \chi_5 CGOV_t + \chi_6 GEXP_t + \chi_7 EXR_t + \chi_8 MAN/GDP_t + \chi_9 AGR/GDP_{it} + \varepsilon_{it} \quad 3.2$$

Where: Unemployment (UNEMP) is the number of the labour force that are willing and capable to work but are involuntarily unemployed. It is a dependent variable in this study and is measured by aggregate unemployment rate in Nigeria. Manufacturing output (MAN/GDP) represents manufacturing output as percentage of GDP capturing structural changes in the manufacturing sector. It is used as independent variable in this study and is expected to exhibit a negative or positive sign with the dependent variable. Agricultural output (AGR/GDP) is agricultural output as proportion of GDP captures changes in the agricultural sector. It is used as the independent variable in this study, and is expected to exhibit a negative or positive sign with the dependent variable. Exchange rate (EXR) is the price of a nation's currency in terms of another currency. Exchange rates here are quoted in naira values against the United States dollars. This is a control variable used to capture trade policy and it is expected to have positive relationship with the dependent variable. Government expenditure (GEXP) is the expenditure on consumption of basic fundamental services in order to stimulate economic growth and improve quality of life. This is equally a control variable used to capture fiscal policy and it is expected to have positive relationship with the dependent variable. Corporate governance is represented by audit committee activities ($CGOV_1$), risk management committee ($CGOV_2$) board structure and responsibilities ($CGOV_3$), disclosure and transparency ($CGOV_4$) and shareholders' rights ($CGOV_5$). The data on the variables was extracted from the financial statements of the annual reports and accounts of the sampled quoted commercial banks in Nigeria.

ANALYSIS AND DISCUSSION OF RESULTS

Lag length selection

The efficiency and validity of an error correction model depends on the lag structure. The study used VAR lag order selection criteria to determine the lag lengths. The study employed the Akaike Information Criterion (AIC) and Schwarz Criterion (SC) and the result indicated one lag length as shown in table 1.

TABLE 1

Optimal lag selection criteria for the model

	Lag	LR	AIC	SC
Corporate governance and unemployment model	*0*	*NA*	*29.52640*	*29.95295*
	1	*2096.787**	*-40.23063**	*-35.53854**

Source: Researcher's computation (2022)
 * Indicates lag order selected by the criterion
LR: sequential modified LR test statistic (each test at 5% level)
AIC: Akaike information criterion
SC: Schwarz information criterion

Unit root test results

The Augmented Dickey Fuller and the Philip-Perron unit root tests were conducted to examine the stationarity condition of the variables. As indicated in table 2, GEXP was stationary at level in PP test but stationary at first difference in ADF test. In other words, the variable is integrated of order zero (i.e., I (0)). However, UNEMP, EXR, MAN/GDP, AGR/GDP, $CGOV_1$, $CGOV_2$, $CGOV_3$, $CGOV_4$, and $CCGOV_5$ became stationary after first difference using both criteria. The aforementioned variables are therefore integrated of order one i.e., they are I (1). Where some of the variables are I (0) while others are I (1) one suggests the problem of unit root in the equation. It becomes imperative to perform co-integration tests to determine the presence of equilibrium relationship amongst the variables in the equation. The study adopts the ARDL bound testing technique for co-integration.

TABLE 2

ADF and Philip-Perron unit root test results

Variables	ADF Level	1st Difference	Order of integration	PP Level	1st Difference	Order of integration
UNEMP	-1.25620	-5.713824**	I(1)	-1.376199	-5.700355**	I(1)
GEXP	-0.731870	-4.734095**	I(1)	-3.239086**	-	I(0)
EXR	1.926486	-9.149078**	I(1)	1.338609	-8.889255**	I(1)
MAN/GDP	1.249195	-5.45454**	I(1)	1.100897	-3.955199**	I(1)
AGR/GDP	-0.588635	-8.045180**	I(1)	-0.211063	-8.638452**	I(1)
$CGOV_1$	-1.304470	-6.164414**	I(1)	-1.231031	-6.164479**	I(1)
$CGOV_2$	-1.561473	-6.343130**	I(1)	-1.526752	-6.363702**	I(1)
$CGOV_3$	-0.474080	-6.343131**	I(1)	-0.401306	-6.363702**	I(1)
$CGOV_4$	-1.142141	-6.164413**	I(1)	-1.142114	-6.164417**	I(1)
$CGOV_5$	-*0.585853*	-6.343130**	I(1)	-0.485556	-11.64746**	I(1)

Source: Researcher's computation using EViews 9, 2022.
Note: Mackinnon critical values for ADF and PP at 1, 5 and 10% levels are -3.67, -2.96

and -2.62 respectively. ** means significant at 5 percent level of significance.

Co-integration test results

From the bound testing result reported in Table 3, long run relationship exists amongst the variables in the estimated equation, given that the value of the F-statistic is greater than the critical value at the five per cent level of significance in both the upper and the lower bounds. Therefore, the null hypothesis of absence of co-integration are rejected, while the study proceeds to estimate the long run coefficient of the equation.

TABLE 3
Co-integration test results

Equations	K	F-Stat	**5% critical value** I (0)	I (1)	Outcome
UNEMP ($CGOV_1$, $CGOV_2$, $CGOV_3$, $CGOV_4$, $CGOV_5$, EXR, GEXP, MAN/GDP, AGR/GDP)	*9*	*6.16*	*2.14*	*3.3*	*Co-integration*

Note: K =number of parameters
Source: Researcher's computation, 2022.

ARDL Error Correction Results

The long run results of corporate governance and unemployment model is reported in table 4a. From the results and in consonance with theoretical expectation, a negative relationship exists between corporate governance ($CGOV_1$), ($CGOV_2$), ($CGOV_3$) and unemployment in the long run, with coefficients of 3.88, 5.23 and 0.21.22 percent, respectively. This implies that the audit activities, formation of risk committee, disclosure and transparency as well as the practice of shareholders rights do not reduce the level of unemployment in Nigeria in the long run. The relationship between corporate governance ($CGOV_4$), ($CGOV_5$) and unemployment is positive. Therefore, a 1 per cent increase CGOV4 and ($CGOV_5$), will lead to an increase in unemployment by 3.90 and 30.02 percent, respectively. According to the result, exchange rate (EXR) has a positive but insignificant relationship with unemployment (UNEMP) in Nigeria in the long run. The magnitude of the coefficient shows that a 1 percent increase in exchange rate in the long run will lead to 0.03 percent rise in unemployment level, ceteris paribus. Government expenditure (GEXP) and unemployment are positively related in the long run, and statistically significant. Hence, a 1 per cent increase in government expenditure will lead to about 1.23 per cent increase in unemployment. The relationship between manufacturing output to GDP (MAN/GDP) and unemployment is positive in the corporate governance and unemployment model. Hence, a 1 per cent increase in manufacturing output to GDP will lead to about 0.0004 per cent increase in unemployment. The agricultural output to GDP ratio (AGR/GDP) however, exhibited negative trend with unemployment, and statistically insignificant in the long run. Hence, a 1 per cent increase agricultural output to GDP will lead to about 0.32 per cent decrease in unemployment rate.

The short run results of corporate governance and unemployment equation is reported in table 4b. From the results, a negative relationship exists between corporate governance ($CGOV_1$) and unemployment in the short run. The value of the coefficient of 1.56 implies that an increase in corporate governance ($CGOV_1$) by 1 percent will result to a decrease in unemployment level by 1.56 percent. Furthermore, a negative relationship exists between corporate governance ($CGOV_2$) and unemployment at current period but statistically insignificant. A 1 per cent increase in the second corporate governance variable ($CGOV_2$) will lead to a reduction in unemployment by 2.11 percent. Furthermore, the relationship between corporate governance ($CGOV_3$) and unemployment (UNEMP) is positive in the short run. Therefore, a 1 per cent increase in corporate governance ($CGOV_3$) will lead to a decline in unemployment by 8.57 percent. However, the relationship between corporate governance ($CGOV_4$), corporate governance ($CGOV_5$) and unemployment is positive in the short run and statistically insignificant at the current period. A1 per cent increase in these variables will lead to an increase in unemployment level by 1.57 and12.13 percent. According to the short run result, exchange rate (EXR) has a positive relationship with unemployment (UNEMP) in Nigeria. The magnitude of the coefficient shows that a 1 percent increase in exchange rate in the short run will lead to about 0.013 percent rise in unemployment level, ceteris paribus. Government expenditure (GEXP) and unemployment are positively related in the short run, and statistically significant. Hence, a 1 per cent increase in government expenditure will lead to about 0.50 per cent increase in unemployment. The relationship between manufacturing output to GDP (MAN/GDP) and unemployment is equally positive in the corporate governance and unemployment model. Hence, a 1 per cent increase in manufacturing output to GDP will lead to about 0.00018 per cent increase in unemployment. The agricultural output to GDP ratio (AGR/GDP) however, exhibited negative trend with unemployment, and statistically insignificant in the short run. Hence, a 1 per cent increase agricultural output to GDP will lead to about 0.13 per cent decrease in unemployment.

The error correction mechanism (ECM) has the correct sign and size. The ECM coefficient of -0.404 indicates that, it takes about 40 percent for the short run disequilibrium to adjust to the long run equilibrium within the year. The t-statistic of -2.927 showed that the error correction term is statistically significant at 5 percent level of significance. The R-squared value of 0.6309 and the value of R-squared adjusted of 0.563 indicates that about 56 percent of total variation in unemployment is explained by the various indices of corporate governance, exchange rate, manufacturing output, agricultural output and government expenditure and only about 44 percent was unexplained which may be accounted for by other factors not included in the model. The F-statistic of about 13.169 shows that all the variables in the model are together as a group statistically significant which means that the model has a good fit. The Durbin-Watson (D-W) statistic of 2.147 indicates no autocorrelation in the model.

TABLE 4a

Long run coefficients of corporate governance and unemployment equation

Dependent variable: UNEMP

Variable	Coefficient	Std. Error	t-Statistic	Prob.
CGOV1	-3.884169	7.888626	-0.492376	0.6263
CGOV2	-5.236087	7.238798	-0.723337	0.4755
CGOV3	-21.229064	16.719926	-1.269686	0.2146
CGOV4	3.905583	5.900490	0.661908	0.5134
CGOV5	30.023380	16.416104	1.828898	0.0781
EXR	0.034499	0.054903	0.628353	0.5349
GEXP	1.238122	0.613361	2.018586	0.0532
MANU	0.000466	0.309656	0.001506	0.9988
AGR	-0.326962	0.330311	-0.989861	0.3307
C	6.469837	3.354324	1.928805	0.0639

TABLE 4b

Short run dynamics result of corporate governance and unemployment equation.

Dependent variable: D (UNEMP)

Variable	Coefficient	Std. Error	t-Statistic	Prob.
D(CGOV1)	-1.569333	3.058043	-0.513182	0.6118
D(CGOV2)	-2.115553	3.012741	-0.702202	0.4884
D(CGOV3)	-8.577245	5.152822	-1.664572	0.1072
D(CGOV4)	1.577985	2.356609	0.669600	0.5086
D(CGOV5)	12.130440	4.770065	2.543035	0.0168
D(EXR)	0.013939	0.021436	0.650235	0.5208
D(GEXP)	0.500242	0.188043	2.660259	0.0128
D(MANU)	0.000188	0.125122	0.001506	0.9988
D(AGR)	-0.132104	0.122899	-1.074895	0.2916
CointEq(-1)	-0.404033	0.138018	-2.927384	0.0067

R-squared	0.630977		
Adjusted R-squared	0.563469		
F-statistic	13.16986	Durbin-Watson stat	2.147290

Source: Researcher's computation (2022)

Discussion of findings

From the findings, it was found that corporate governance has contributed negatively to economic development of the country via reduction in unemployment. This means that corporate governance in banks has contributed to employment generation in the country. This may be as result of the recent inculcation of corporate governance structure into the banking system to ensure efficient service delivery in the Nigerian economy. The various measures of corporate governance ranging from audit activities; risk management committee; policy on insider trading, trading in securities and market abuse, disclosure and transparency as well as shareholders rights have no significant impact on unemployment of the country. From the findings, an increase in corporate governance indices such as disclosure and transparency and shareholders rights will have positive impact on unemployment level in the banking sector as indicated by the coefficients of the variables in both the short run and long run. However, audit activities; risk management committee; policy on insider trading and trading in securities and market abuse, and shareholders rights have no positive impact on unemployment in the banking sector of the Nigerian economy. The findings might be in tandem with the views of Oloni (2015) who generally revealed a causal relationship between good governance and youth unemployment in Nigeria.

Conclusion and Recommendations

The development of any nation is tied to the quantum of youth that are gainfully engaged in productive activities to create goods and services that satisfies human wants, thereby reducing the number of industrious young men and women that wallows in poverty and misery. However, the inculcation of good corporate governance in the day-to-day activities of the firms is identified as a surest way for countries especially developing economies to sustain the level of employment in the banking sector. This is because when all the stakeholders including the employees are adequately considered in the activities of firms, there would be need for transparency and accountability of management on the affairs of the companies. In the light of the empirical findings of this study, the following recommendations are made: there should be transparency in the implementation of codes of corporate governance so that the shareholders including employees can effectively judge whether their interests are being served or not. The government should establish institute of Corporate Governance for teaching and promoting good corporate governance that will provide tasks for firms to embrace corporate social responsibilities through the employment of indigenous job seekers thereby reducing the army of unemployed youth in the country. The regulatory authorities such as the CBN and NDIC should intensify their searchlights on deposit money banks (DMBs) to encourage compliance with laid down rules and regulations of good corporate ethics, and eschew the incessant sacking of workers which compounds the crisis of unemployment in the country.

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