Corporate Governance and Financial Sustainability of Microfinance Institutions in Nigeria

Okoye Lawrence Uchenna

Department of Banking and Finance, Covenant University Ota, Nigeria. E-mail: lawrence.okoye@covenantuniversity.edu.ng

Erin Olayinka Adedayo
Department of Accounting, Covenant University Ota, Nigeria
Email: olayinka.erin@stu.cu.edu.ng

Ado Ahmed
Abubarkar Tafawa Balewa University of Technology Bauchi, Nigeria
E-mail: adohmd@yahoo.com

Areghan Isibor
Department of Banking and Finance, Covenant University Ota, Nigeria
E-mail: areghan.isibor@covenantuniversity.edu.ng

Corresponding Author: lawrence.okoye@covenantuniversity.edu.ng

Abstract

Financial sustainability is critical to the growth of Microfinance institutions and therefore deserves proper attention by relevant stakeholders. This study investigates the impact of corporate governance on financial sustainability of Microfinance Institutions in Nigeria during the period, 2011 to 2015. We model financial sustainability measurement through the use of Return on Assets (ROA) and Operating Self Sufficiency (OSS). Board independence (BRDIND), board size (BRDSIZE) and gender diversity (GENDIV) were adopted as corporate governance attributes or proxies. The main findings reveal that the regression model is not significant at 1 per cent level with the adjusted R-Squared of 28% and 48% for the respective models. The result of regression coefficient shows that BRDIND (-0.144 and -0.7211) and GENDIV (-0.032 and -0.9119) are not statistically significant with the exception of BRDSIZE (0.245 and 0.278) which shows a significant positive impact on financial sustainability. Our findings reveal that there is no significant relationship between corporate governance mechanisms (board independence, gender diversity) and financial sustainability. Only board size shows a positive relationship with financial sustainability. This paper recommends that microfinance banks should adopt gender friendly policies thereby encouraging more women to the membership of microfinance banks' Boards to take advantage of their expected benefits. Also, this study recommends that the regulatory authorities should ensure that Microfinance banks in Nigeria comply strictly with corporate governance code and sanctions should be meted to erring banks.

Keywords: Corporate Governance, Financial Sustainability, Gender Diversity, Microfinance Institutions.

Introduction

The development of Microfinance institutions (MFIs) in Nigeria was a result of determined individual and institutional effort to solve unemployment and poverty menace by ensuring the promotion of self-employment and entrepreneurship (Hartarska, 2004). The rapid growth and development of the informal financial sector in many rural areas to provide financial services to the poor and less-privileged people outside the conventional financial services encouraged government action through new policies aimed at regulating microfinance institutions in Nigeria. Microfinance institutions operate like the mainstream financial institutions but have different policies and procedures that guide their operations. They have less stringent rules compared to the conventional financial institutions; therefore, it is imperative to critically consider the issue of financial sustainability of the microfinance banks in Nigeria (Muwamba, 2012). Financial sustainability in this study is the power of MFIs to be self-sustaining both operationally and financially without compromising governance mechanism and its operations.

In emerging economies, the informal sector, which includes microenterprises is large and plays an important role especially for those that cannot be employed in the formal sector. Basu and Yulek (2004) opine that large proportion of poor people and small enterprises in emerging economies hardly have access to credit facilities and financial services provided by formal financial institutions. The emergence and proliferation of MFIs has enabled increase in financial access. Financial systems in emerging economies, Nigeria inclusive, are generally weak primarily because of two reasons. First is the presence of high interest rate spreads due to lack of competition and weak regulatory practices in the banking sector. Second, credit allocation tends to be concentrated in short-term and speculative activities, which may be explained by the lack of stable long-term finance and of the high risk aversion exhibited by banks. Due to these reasons, MFIs serve as an important alternative in extending credit and even in providing other banking services when there's limited access to formal financial institutions (Chenuos, Mohammed & Bitok, 2014).

The rapid failure of Microfinance banks (MFBs) in Nigeria in 2010 led to the withdrawal of 103 microfinance banks licenses by Central Bank of Nigeria (CBN). This failure has cast doubt on the ability of MFBs in Nigeria to be financially sustainable. The persistent failure of MFBs resulting from weak management, poor internal control mechanism and lack of adequate risk management has necessitated the need for setting up good corporate governance structure and improvement in financial sustainability (Adeyemi & Fagbemi, 2010; Umoren, 2010; Chenuos et al., 2014).

There has been a greater call by users of corporate information on the need for greater transparency of MFIs in Nigeria. The information asymmetry between the managers and shareholders has been the major concern of different stakeholders. This information asymmetry has led to disclosure gap between what is expected by users of financial information and the actual information disclosed. This concern is a major motivation for the implementation of corporate governance mechanism in MFIs to improve financial sustainability of the sector. This study is expected to add to the body of knowledge on the subject of corporate governance vis-à-vis its impact on the financial sustainability of MFIs in Nigeria.

There are few studies on the relationship between corporate governance and financial sustainability found in the literature (Peter and Eyesan, 2015; Oyewale and Adewale, 2014; Adewale and Ibitoye, 2015). Due to dearth of empirical evidence on the subject of corporate governance and financial sustainability of MFIs in Nigeria; we are motivated to carry out this research. None of these studies have examined corporate governance and financial sustainability of MFIs using both return on asset (ROA) and Operational Self Sufficiency (OSS) as a financial sustainability measurement.

Literature Review and Hypotheses Development

Corporate Governance and Financial Sustainability

Siele (2009) views governance as the holistic system and process that governs any institution in a way in which rules and regulation are duly followed. Governance is expected to address institutional framework and provides guidance for the leadership and management saddled with responsibility. In the view of Chenuos et al., (2014) corporate governance is the manner the power of an organization is exercised through the combination of an organization's total portfolio with the aim of maximizing shareholders' value. The essence of corporate governance is the alignment of different interests such as individual, corporation and society in order to achieve the organization's objective.

Siele (2009); Helms (2006) believe that the ultimate goal of microfinance institution is to contribute to economic development through poverty reduction in the society. MFIs help in reaching more clients and poor people in the society by making finance and banking services cheaper. The main target of MFIs is to achieve financial sustainability. MFIs target is to achieve its main goals in a way that achieves financial sustainability, preferably independence from donors. John and Senbet (1998) opine that MFI that follow the principles of good banking will also be those that contribute significantly to poverty reduction. Lafourcade, Isern, Mwangi and Brown (2005) opined that MFIs in Africa lags behind other global regions in terms of financial performance, a growing number of MFIs, especially regulated and cooperative MFIs are profitable. MFIs also lead the world in savings mobilization, in both the number of clients served and the absolute volume of savings on deposit.

Sustainability is the ability of an organization to maintain its status over a long period (Bowman, 2011). Lisa et al (2012) explained that financial sustainability is the ability of a firm to maintain and sustain financial capacity for a long period. In the same vein, Bowman (2011) opines that financial sustainability of MFIs is the financial agility of such firms over a long term because microfinance institutions serve the high-need of a large segment of the population. Naser (2002) refers to financial sustainability as the ability of MFIs to develop and sustain a diverse resource base for a long period that would serve the interest of client population without or with financial donor or assistance.

Review of Prior Studies

Oyewale and Adewale (2014) examined sustainability of microfinance institutions using Kwara State, Nigeria as the case study. Eight microfinance banks were used for the study. The study adopted return on assets (ROA) as sustainability indicator. Their finding shows that there is a low sustainability with reference to aggregate ROA values. Similarly, Hartanka (2004) examined the relationship between financial performance and corporate governance of microfinance institutions in Central and Eastern Europe. The study used board diversity, board independence and management compensation as corporate governance variables. The study found that board diversity improves financial sustainability while large independent board tends to lower financial sustainability.

Bashiti and Rabadi (2006) studied corporate governance and sustainability of Jordanian Microfinance Institutions over a 5-year period (2002-2007). Seven governance variables were used to measure corporate governance attributes which includes justice, accountability, social awareness, independence, discipline management, responsibility and transparency. The findings show that corporate governance mechanism has impacted the sustainability of Jordanian microfinance institutions. The study also shows that good corporate governance is a positive indicator of the firms' performance in terms of profitability.

Alakeci and Al-khatib (2006) investigated the impact of corporate governance effectiveness on the financial sustainability of 20 Microfinance institutions listed on the Palestine Stock Exchange. Return on investment, market value to book value and return on equity were used as proxy for financial sustainability while corporate governance attributes used were board size, gender diversity, board composition and institutional ownership. The use of descriptive method and multiple regression were used to analyse the data. The study found a positive and significant relationship between corporate governance effectiveness and financial sustainability.

Hypotheses Development

Board Size and Financial Sustainability of MFIs in Nigeria

Researchers (Siele, 2009; Muwamba, 2012; Chenuos et al., 2014) argue that as board size contributes to board activity in the governance process of any organization. It is believed that a board size of less than seven is generally not advisable. Also, it is advisable that board size should consist of an odd number in case there is a deadlock when votes are decided but in some cases where the size of board members in an even number, one would not vote and in most cases the board secretary who happens to be the institution manager. The number of directors on the board determines the board size.

This paper therefore hypothesizes that:

$H_0$1: *There is no significant impact of Board Size on Financial Sustainability of MFIs.*

Board Independence and Financial Sustainability of MFIs in Nigeria

Independence of the board members is particularly important because the board holds management accountable and to respond to external publics and issues of external accountability. Investors and donors consider the character and independence of the board as assurance that their funds will be used properly (Rock et al., 1998; Siele, 2009. Weisbach, (1988) opined that external directors is very vital in protecting shareholders interest through unbiased decision process. Independent directors are seen as a control mechanism in governance process of any corporation. John and Senbet (1998) argued that non-executive directors are more independent than executive directors in the board. However, there is not enough justification that optimal mix of both executive and non-executive members would result in enhanced effectiveness of the board (Baysinger& Butler, 1985). It is expected that the independence of the board would result in a positive financial sustainability of MFIs performance.

Therefore, this study predicts that:

$H_0$2: *There is no significant effect of Board Independence on Financial Sustainability of MFIs.*

Gender Diversity and Financial Sustainability of MFIs in Nigeria

Studies show that gender diversity improves financial sustainability of microfinance institutions. Women CEOs and directors most times exert a positive influence to board effectiveness (Kyereboah-Coleman &Biekpe, 2005; Mersland& Strom, 2007). Siele (2009) explained that gender variation in the board produces a higher expectation in terms of effectiveness, productivity and value creation. Also it is believed that women generally have higher expectations in terms of responsibilities as directors which could influence the board's effectiveness towards productivity. Fonda and Sassalos (2000) viewed gender diversity in the board as a step in the right direction because women directors are perceived to be more active and produce significant results that could add value to different stakeholders. Mersland and Strom (2007) explained that having a substantial number of women in the board could help in customer drive and retention because many of MFIs clients are women. Therefore, a higher fraction of women directors is expected to boost financial performance of MFIs. Studies on gender diversity point to the fact that diverse boards could be more effective and productive than homogenous boards. Gender composition also plays a vital role in organization design for corporate board (Adams & Ferreira, 2004; Siele, 2009).

Therefore, this study predicts thus:

$H_0$3: *Gender Diversity has no significant effect on Financial Sustainability of MFIS.*

Theoretical Framework

This study adopts stewardship theory because it provides a theoretical foundation that underpins the association that exists between the shareholders and the managers (Donaldson & Davis, 1991). Corbetta and Salvato(2004) opine that the theory underpins the relationship that exist between the principal and the steward vis-à-vis the quality of the work that joins them together. Stewardship theory is of a view that board members represent the interest of the shareholders, which they serve as custodian of shareholders assets. The assumption of the theory is that the relationship between principal and steward is expected to produce a positive impact on the organization's performance once both parties choose to behave as stewards and put the principal's interest first (Eddleston&Kellermanns, 2007).

Methodology

This study is a longitudinal study because it involves repeated observation of the same subjects or variables (corporate governance and financial sustainability) over a 5-year period (2011-2015). According to Argyrous (2005) panel data are dataset where multiple cases (individuals, companies, countries, etc.) were observed at two or more time periods. There are two kinds of information in cross-sectional time-series data: the cross-sectional information reflected in the differences between subjects (e.g. companies) and the time-series or within-subject information (e.g. years) reflected in the changes within subjects over time. Due to the nature of the research, descriptive as well as correlational design and ex-post factor design were used. Ex post facto design, a quasi-experimental design that examines the causal information that exists between the independent variables and the dependent variable was adopted in this study.

There are total 958 microfinance banks in Nigeria as at 31st December, 2015 (CBN, 2015); however, for the purpose of this study, we shall limit our sample to microfinance banks under the National and State category. There are total 98 microfinance banks in this category made up of National (6) and State (92). The data for this study were collected from the respective company's website, their annual reports, etc. for the periods, 2011 to 2015. Based on availability of data, only 60 Microfinance banks were eventually used for this study. The study used descriptive method, correlation and generalized least square (GLS) regression method to analyse the data.

Variable Definition

Independent variables

The dependent variable is financial sustainability. Proxies for financial inclusion adopted in the study are board independence, board size and gender diversity. Board size (BRDSZE) is represented by the number of board members of firm i in year t.

Board independence (BRDIND) is represented by the number of outside board members of firm i in year t divided by total number of board members of firm i in year t.

Gender Diversity (GENDIV): is the number of women board members expressed as a fraction of total directors.

Dependent Variable

Financial Sustainability (FINSUB) is the dependent variable. It is proxied as return on asset (ROA) and operational self-sufficiency (OSS) ROA shows how an organization is profitable in comparison to its total assets. In this study, ROA is measured by dividing NOI/ATA (where NOI represents Net Operating Income, and ATA represents Average Total Assets).

OSS signifies the efficiency of an organization in relation to its operating expenses. Operational self-sufficiency determines the extent to which operating income covers operating expenses. OSS is calculated as: Financial Revenue – (Financial Expense + Net Impairment Loss + Operating Expense)

Both ROA (profitability estimate) and OSS (efficiency estimate) are measures of financial sustainability. A high value of this factor implies a strong financial sustainability measurement.

Model Specification

To achieve the objective of this study which is to investigate the effects of corporate governance on financial sustainability, we used fixed effect panel regression model to analyze the model specified in this study. Therefore, we developed the following regression model:

FINSUBit = αit +βit GOV+ μ it …………………………………………………… (1)

FINSUB is the proxy for MFIs financial sustainability (dependent variable) which is represented by Return on Assets (ROA) and Operational Self Sufficiency (OSS) of the MFIs. α is the intercept (y intercept), βit is slope coefficients of explanatory variables. Where subscript i denote the individual institutions characteristics across time dimension t. GOV represents the vector of corporate governance (independent) variables which include board size, board independence, gender diversity

Data Analysis and Discussion of Findings

This section presents and interprets the regression result obtained from the GLS estimations. It starts with preliminary test of the data using descriptive statistics and correlation followed by a regression results.

Table 1: Summary of Descriptive Statistics

Variables	N	Min	Max	Mean	Std. Dev.
BRDIND	300	0.00	4.73	0.1810	0.0589
BRDSIZE	300	2	10	0.1469	0.0749
GENDIV	300	0.00	2	0.1482	2.263
ROA	300	9.5	14	0.1544	0.0543
OSS	300	19	22	11.02	0.513

Source: SPSS Version 20, 2016.

The above tablet presents the descriptive statistics of the explanatory and dependent variables. It shows that there are 300 observations (5 years annual computation of 60 sampled companies) in the Nigerian listed firms. The average proportion of female directors (GENDIV) is 14.82% which signals a low participation of women on the board of MFIs in Nigeria. The highest number of board members that were women is 2 while some boards did not have women presence. As regards other corporate governance variables, the average board size is 5 and does not surpass the stipulated 10 members and on average, independent directors' ratio is 18.10% of board members. This low value shows the need for more directors without direct or indirect financial interest on corporate boards. With the minimum number of 0, some board failed to include independent directors while others had as many as 4.

Table 2: Correlation Matrix

	ROA	OSS	BRDIND	BRDSIZE	GENDIV
ROA	1				
OSS	0.259	1			
BRDIND	-0.175	-0.240**	1		
BRDSIZE	0.122	0.459*	-0.456**	1	
GENDIV	-0.272	-0.155**	0.485**	-0.398**	1

Source: SPSS Version 20, 2016.

Table 2 provides a correlation matrix for the variables. It shows that corporate governance mechanism has a little impact on the financial sustainability of MFIs in Nigeria. The explanatory variables such as BRDIND (-0.175), GENDIV (-0.272) show a negative relationship with financial sustainability; only BRDSIZE (0.122) shows a positive relationship. The analysis provides evidence that corporate governance has a little impact on financial sustainability of Microfinance institutions in Nigeria.

Table 3: Summary of Regression Result

Variables	ROA			OSS			Collinearity Statistics (VIF)
	β	t-stat	p-value	β	t-stat	p-value	
BRDIND	-0.114	0.076	0.401**	-7.211	1.658	0.18**	1.405
BRDSIZE	0.245	2.045	0.01**	0.278	3.886	0.001**	1.568
GENDIV	-0.032	0.495	0.444**	-0.122	1.361	0.15**	1.989
Intercept	-1.002	0.021	0.871	-9.119	1.74	0.207	
F-Statistic		0.000			0.000		
Adjusted R^2	0.2845				0.4781		
Durbin Watson		1.6578			2.1245		
	** significant at 5% level						

Source: SPSS Version 20, 2016.

Table 3 presents the result of regression analysis. In order not to violate the assumptions underlining the application of regression analysis, multi-collinearity diagnostic statistics (variance inflation factors (VIF) and tolerance) were computed. The results show that VIF ranges from 1.405 to 1.989 which is lower than the upper limit of 10.These indicate that the explanatory variables are not strongly correlated; hence there is not a problem of multi-collinearity (Lind, Marchal & Wathen, 2010; Argyrous, 2005). In addition, it shows a Durbin-Watson test (which measures the presence of autocorrelation) d=1.6578 and 2.1245 which lies between the two critical values of 1.5 and 2.5 (i.e. $1.5<d<2.5$). The results are further discussed with respect to the hypotheses statements as follows.

$H_0$1*: There is no significant relationship between Board Size and Financial Sustainability of MFIs.*
The regression coefficients for BRDSIZE (0.245 and 0.278) for both models are positive and significant at 5 per cent. This finding is consistent with the studies of (Chenuos et al., 2014; Sharma, 2006). The finding shows that board size has a significant impact on financial sustainability of MFIs in Nigeria. Thus, the null hypothesis ***($H_0$1)*** is rejected.

***$H_0$2**: There is no significant relationship between Board Independence and Financial Sustainability of MFIs.*
The regression coefficients for BRDIND (-0.114 and -0.7211) for both indicators are negative and non-significant at 5 per cent. This finding is consistent with the studies of (Bradbury et al., 2006;Vafeas, 2000). However, the result is inconsistent with the findings of Farber (2005); Oyewale & Adewale (2014). The finding indicates that board independence do not have significant impact on financial sustainability of MFIs in Nigeria. Thus, the null hypothesis ***($H_0$2)*** is accepted.

***H_{03}**: Gender Diversity has no significant effect on Financial Sustainability of MFIs.*

The regression coefficients for GENDIV (-0.032 and -0.9119) for both indicators are negative and non-significant at 5 per cent. This finding is consistent with the studies of (Aliani & Zarai, 2012; ZemZem & Ftouhi, 2013). The finding implies that gender diversity do not have significant impact on financial sustainability of MFIs in Nigeria. Thus, the null hypothesis ***($H_0$3)*** is accepted

Conclusion and Recommendation

This study investigates the impact of corporate governance on the financial sustainability of registered Microfinance institutions in Nigeria during the period 2011-2015. The result shows that Nigerian microfinance institutions are characterized by lack of board independence, low level of female directors compared to total directors. This findings show that corporate governance variables have not meaningfully contributed with to financial sustainability of Microfinance institutions in Nigeria. Based on the findings the study concludes that corporate governance practice in microfinance institutions in Nigeria is still quite shallow and has not supported sustainability of the institutions

there is need to improve on corporate governance practice in the Nigerian microfinance sector to enhance the sustainability of the institutions in Nigeria.

In light of the above findings, this paper recommends an improvement in corporate governance practice in the Nigerian microfinance sector to enhance the sustainability of the institutions. More women should be engaged on the boards of microfinance institutions to take advantage of their managerial capabilities. The study also recommends that the regulatory authorities should ensure that microfinance banks in Nigeria comply strictly with corporate governance codes and appropriate sanctions should be meted to erring banks.
This research opens an avenue in an emerging research area for future studies to examine gender effect on other sectors or the entire firms listed on the stock exchange. This may be women board members, executives and those in top management. In addition, other measures of diversity can be taken together with gender diversity to study the impact of corporate governance on financial sustainability of microfinance institutions or other sectors in the country.

Acknowledgement

The authors duly appreciate Covenant University, Ota, Nigeria for the full sponsorship of their participation at the 29th IBIMA Conference.

References

Adeyemi, B. and Fagbemi, T. (2010), 'Audit quality, corporate governance and firm characteristics in Nigeria,' *International Journal of Business and Management*, 5(5), 167-177.

Adewale, B. and Ibitoye, O. (2015), 'Evaluating sustainability of microfinance institution through effective accountability,' *International Journal of Banking, Finance, Management and Development Studies*, 3(1), 1-22.

Adams, B. and Ferreira, D. (2004), 'Gender diversity in the boardroom' Finance working paper No 57/2004

Aliani, K., Hamid, I., and Zarai, M. (2011), 'Diversity in kind in the board of directors and tax optimization: validation in the Tunisian context,' *Journal of Management and Global Business Research,* 11(1), 41-50.

Alakeci, V., and Al-Khatib, H. (2006), 'The concept of corporate governance and the applicability to the ground in the listed companies in the financial market,' *Journal of Irbid for Scientific Research,* 10(1), 54-68.

Argyrous, G. (2005), Statistics for research with a guide to SPSS, (2^{nd} ed.), London: Sage Publishers.

Bashiti, S., and Rabadi, Y. (2006), 'Assessing corporate governance in Jordan,' *The Arab Bank Review,* 8(1), 23-26.

Basu, A., and Yulek, M. (2004), Microfinance in Africa: Experience and lessons from selected African countries. IMF Working Paper No 4/174, pp. 1-24.

Baysinger, B., and Butler, H. (1985), 'Corporate governance and the board of directors' characteristics performance effects of changes in board composition,' *Journal of Law, Economics and Organization,* 1(2), 100-125.

Bowman, W. (2011), 'Financial capacity and sustainability of ordinary non-profit organization,' *Management and Leadership,* 22(1), 37-51.

Bradbury, M., Mak, Y., and Tan, S. (2006), 'Board characteristics, audit committee characteristics and abnormal accruals,' *Pacific Accounting Review,* 18(1), 47-68.

Chenous, N., Mohammed, A., and Bitok, S. (2014), 'Effects of corporate governance on microfinance institutions financial sustainability in Kenya,' *European Journal of Business and Management,* 6(30), 71-83.

Corbetta, G., and Salvato, C. (2004), 'Self-serving or self-actualizing? Model of man and agency costs in different types of family firms: A commentary on comparing the agency costs of family and non-family firms: Conceptual issues and exploratory evidence,' *Entrepreneurship Theory and Practice,* 28(4), 355-362.

Donaldson, L., and Davis, J. (1991), 'Agency theory or stewardship theory: CEO governance and shareholder returns,' *Australian Journal of Management,* 16(1), 49-64.

Eddleston, K and Kellermanns, F. (2007), 'Destructive and productive family relationships: A stewardship theory perspective,' *Journal of Business Venturing,* 22(4), 545-565.

Farber, D. (2005), 'Reporting trust after fraud: Does corporate governance matter?.' *The Accounting Review,* 80(2), 22-41.

Hartarska, V. (2004), Governance and performance of microfinance institutions in Central and Eastern Europe and the newly independent states. William Davidson Institute Working paper No 677

Helms, B. (2006), Access for all: Building inclusive financial system. Washington: CGAP

John, K., and Senbet, L. (1998), 'Theory of the firm: Managerial behaviour, agency costs and ownership structure,' *Journal of Banking and Finance,* 22(1), 300-400.

Kyereboah-Coleman, A., and Biekpe, N. (2005), The relationship between board size, board composition, CEO duality and firm performance: Experience from Ghana. Working paper, UGBS, Legon.

Lafourcade, A., Isern, J., Mwangi, O., and Brown, M. (2005), Overview of the outreach and financial performance of microfinance institutions in Africa. The mix market Inc.

Lind, D., Michael, W., and Wathen, S. (2010), Statistical techniques in business and economic, (11th ed.), Boston: McGraw-Hill Irwin.

Lisa M., Lynette, S., and Kristy, G. (2012), 'Financial sustainability of non-profit organization: A review of literature' [Online], [Retrieved January 17, 2017], http//www.rand.org/research_report.

Mersland, R., and Strom, R. (2007), Performance and corporate governance in microfinance institutions, MPRA paper 3887, University of Munich.

Muwamba, D. (2012), Sustainability of MFIs through corporate governance mechanism: A cross-country analysis of regulation on outreach and operational self-sufficiency. PhD Thesis, University of Massachusetts, Boston, USA.

Naser, A. (2002), 'The long term financial sustainability of the Palestinian NGO sector: An assessment. [Online] [Retrieved January 20, 2017], http// www.icni.org/research/library/files.

Oyewale, B., and Adewale, B. (2014), 'Sustainability of microfinance institutions: A comparative case study of Kwara State, Nigeria,' *Journal of Business and Organizational Development,* 6(2), 11-25.

Peter, O. and Eyeasn, L. (2015), 'Corporate governance and accounting quality: Empirical investigation from Nigeria,' *Journal of Policy and Development Studies,* 9(2), 64-83.

Rock, R., Otero, M., and Saltzman, S. (1998), Principles and practices of microfinance governance: Financial performance in Nigeria,' Proceeding of the Bi-annual research workshop of the AERC, Nairobi, Kenya, 8-10 July 1998, Nairobi, Kenya, 25-32.

Sharma, F. (2006), 'Institutional ownership and corporate value,' *Managerial Finance,* 32(3), 247-256.

Siele, J. (2009), 'Effects of corporate governance structure on performance of MFIs in Ghana,' *Journal of Policy and Development Studies,* 1(2), 24-33.

Umoren, A. (2010), Accounting disclosures and corporate attributes of Nigerian listed companies. PhD Thesis submitted to Accounting Department, Covenant University, Nigeria.

Vafeas, N. (2000), 'Board structure and the informativeness of earnings,' *Journal of Accounting and Public Policy,* 19(1), 139-160.

Weisbach, M. (1988), Outside directors and CEO turnover,' *Journal of Financial Economics,* 20(2), 431-460.

Zemzem, K., and Ftouhi, K. (2013), 'The effects of board of directors' characteristics on tax aggressiveness,' *Research Journal of Finance and Accounting,* 4(4), 140-147.