



IMPACT OF TOP MANAGEMENT COMMITMENT ON THE OPERATIONAL PERFORMANCE OF DEPOSIT MONEY BANKS IN NIGER STATE, NIGERIA

Saba Mohammed¹, Dr Usman Baba Aliyu², Prof Hassan Ibrahim³, Ndagi Salihu⁴

¹Bursary Department, Federal Polytechnic, Bida, Niger State

^{2,3,4} Ibrahim Badamasi Babangida, University, Lapai, Niger State

Corresponding author's email/Mobile: sabamohammed360@gmail.com/08030772092¹,

Abstract

This study examines the impact of top management commitment on the operational performance of Deposit Money Banks (DMBs) in Niger State, Nigeria. A quantitative research design was adopted, utilizing a structured five-point Likert scale questionnaire administered to 260 bank employees, including top managers, senior managers, and frontline operational staff across various banking institutions. Data were analyzed using correlation and multiple regression techniques in SPSS to assess the relationship between top management commitment and operational performance. Findings indicate a significant positive influence of managerial commitment on banking efficiency, with customer satisfaction having the strongest impact, followed by risk management and technological innovation. The study concludes that effective leadership enhances risk mitigation, fosters innovation, and improves customer service, leading to better operational performance. It recommends that banks strengthen risk control mechanisms, invest in advanced financial technologies, and enhance customer experience through personalized banking solutions. These findings contribute to the growing literature on leadership effectiveness in the Nigerian banking sector, emphasizing the critical role of strategic managerial commitment in sustaining operational excellence.

Keywords: top management commitment, risk management, technology innovation, customer satisfaction, operational performance.

1. Introduction

The role of top management commitment in shaping the operational performance of Deposit Money Banks (DMBs) has been a subject of increasing interest in financial research. The banking sector serves as a critical pillar of economic development by facilitating financial transactions, investment, and economic stability (Mishkin, 2021). Within this sector, operational performance is a key determinant of long-term profitability and sustainability, particularly in a highly competitive and regulated environment such as Nigeria's (Sanusi, 2019). Given the evolving landscape of the Nigerian financial sector, effective leadership and strategic commitment from top management are essential for driving efficiency, maintaining regulatory compliance, and enhancing customer satisfaction.

IMPACT OF TOP MANAGEMENT COMMITMENT ON THE OPERATIONAL PERFORMANCE OF DEPOSIT MONEY BANKS IN NIGER STATE, NIGERIA

DMBs face unique operational challenges due to factors such as increasing competition, evolving customer preferences, and digital banking disruptions. While some banks have successfully leveraged strong leadership to drive efficiency and customer satisfaction, others continue to experience operational inefficiencies that hinder their sustainability. Understanding how top management commitment influences performance in this dynamic environment is crucial for informing strategic decision-making in the banking sector.

Despite the theoretical importance of top management commitment, there remains a significant gap in empirical research assessing its direct impact on the operational performance of DMBs in Nigeria. While existing studies have explored leadership effectiveness and financial performance, limited attention has been given to the specific role of managerial dedication in influencing key operational metrics such as risk management, innovation, and customer service efficiency (Uche, 2019). This study seeks to bridge this gap by examining the extent to which top management commitment affects operational performance in DMBs in Niger State.

The Nigerian banking sector has undergone significant reforms, including recapitalization policies, digital banking transformations, and stricter regulatory frameworks aimed at strengthening financial institutions (Central Bank of Nigeria [CBN], 2021). These changes place additional pressure on bank executives to ensure compliance, drive innovation, and maintain operational efficiency. However, despite these reforms, many banks continue to struggle with inefficiencies, service delivery challenges, and regulatory penalties, which raise concerns about the effectiveness of top management in addressing operational challenges (Adegbite et al., 2023).

The extent to which managerial commitment influences operational outcomes in Nigerian banks remains an area that requires empirical investigation. Therefore, this study contributes to the growing body of literature on banking management by providing empirical evidence on the relationship between top management commitment and operational performance. By identifying key leadership strategies that enhance efficiency, the findings will provide valuable insights for policymakers, bank regulators, and financial institutions seeking to strengthen leadership effectiveness within the Nigerian banking sector (Adegbite, 2020). Furthermore, the study offers practical recommendations for banking executives on how to enhance risk management, foster innovation, and improve customer satisfaction to drive long-term competitiveness.

The primary objective of this study is to assess the impact of top management commitment on the operational performance of DMBs in Niger State, Nigeria. Specifically, the study aims to:

1. Examine the effect of risk management on the operational performance of DMBs in Niger State.
2. Assess the impact of technology innovation adoption on the operational efficiency of DMBs.
3. Evaluate the influence of customer satisfaction on the operational performance of DMBs.

2. Literature Review

This section reviews existing literature on top management commitment and its influence on banking operations, drawing from both theoretical and empirical perspectives.

It also delves into risk management, technology innovation and customer satisfaction and its contribution to banking operational performance.

Conceptual Review

Operational Performance

Operational performance in banking refers to how efficiently and effectively a financial institution delivers services, generates revenue, and maintains financial stability (Altunbas et al., 2018). Performance is typically measured using key indicators such as profitability, operating income, loan portfolio quality, and return on assets [ROA] (CBN, 2021). Studies indicate that strong managerial commitment is crucial in achieving high operational performance levels in banks. Mishkin (2021) argues that operational efficiency in banks depends on leadership commitment to adopting advanced banking technologies, improving customer relationships, and ensuring regulatory compliance.

A study by Ezeoha (2021) found that Nigerian banks with higher levels of managerial dedication recorded improved service quality, financial sustainability, and customer retention rates. These findings underscore the importance of strong leadership in the financial sector. For the purpose of this study, operating income was utilized as the key indicator of operational performance, this is measured by evaluating process efficiency in the banking sector and it's a non-financial approach to assessing operational performance.

Top Management Commitment

Top management commitment refers to the level of dedication, responsibility, and strategic focus that senior executives demonstrate toward achieving organizational goals (Kotler & Keller, 2019). In the banking sector, this commitment is evident in decision-making, corporate governance, financial investments, and human resource management (Northouse, 2018). Leaders who are committed to their roles tend to drive innovation, ensure regulatory compliance, and foster a culture of continuous improvement. Research by Berger et al. (2020) emphasized that committed leaders allocate resources effectively, enabling banks to improve operational efficiency and service delivery. Moreover, dedicated leadership enhances internal communication and ensures alignment between organizational objectives and employee performance (Yukl, 2020). The presence of strong leadership also reduces uncertainties in financial institutions, promoting stability and long-term growth.

This study also explored major indicators of top management commitment in the banking sector, focusing on their impact on operational performance. Specifically, it examines how leadership commitment influences risk management, technology innovation, and customer satisfaction. These factors serve as critical measures of top management's dedication to improving efficiency, enhancing service quality, and fostering sustainable growth within the industry.

Risk Management

Risk management is a critical component of financial institutions, particularly Deposit Money Banks (DMBs), as it ensures stability, sustainability, and operational efficiency. Effective risk management practices in DMBs involve identifying, assessing, mitigating, and monitoring risks to enhance overall performance and resilience in the face of uncertainties (Basel Committee on Banking Supervision [BCBS], 2019). In Niger State, the banking sector is subject to various financial, operational, market, and credit risks that can significantly impact their operational performance. Operational performance in DMBs

IMPACT OF TOP MANAGEMENT COMMITMENT ON THE OPERATIONAL PERFORMANCE OF DEPOSIT MONEY BANKS IN NIGER STATE, NIGERIA

refers to the ability of banks to deliver efficient financial services while maintaining profitability, liquidity, and customer satisfaction. This performance is influenced by several factors, including risk exposure, regulatory compliance, financial management strategies, and technological advancements (Olawaju & Folarin, 2020). Effective risk management mechanisms such as credit risk assessment, asset liability management, and regulatory compliance frameworks contribute significantly to the operational efficiency of DMBs in Niger State.

Furthermore, there is need to discuss the types of risks associated with the Deposit Money Banks. Credit risk arises from borrowers' failure to meet their financial obligations, leading to loan defaults and non-performing assets (Nkegbe & Ustarz, 2019). Poor credit risk management affects bank profitability and liquidity. Market risk changes in interest rates, exchange rates, and inflation can affect banks' revenues and operational efficiency (Al-Tamimi & Al-Mazrooei, 2007). Banks in Niger State face challenges due to fluctuations in the Nigerian economy. Operational risk includes risks from internal failures, fraud, system malfunctions, and compliance breaches (Adegbite, 2021). Weak operational controls reduce efficiency and increase financial losses. Liquidity risk is a bank's inability to meet its short-term obligations can hinder its operations. Effective liquidity management is crucial for ensuring smooth banking operations (Umar & Sunusi, 2022). While, regulatory risk is the non-compliance with banking regulations, including those set by the Central Bank of Nigeria (CBN), can lead to penalties and reputational damage (CBN, 2021).

Technology Innovation

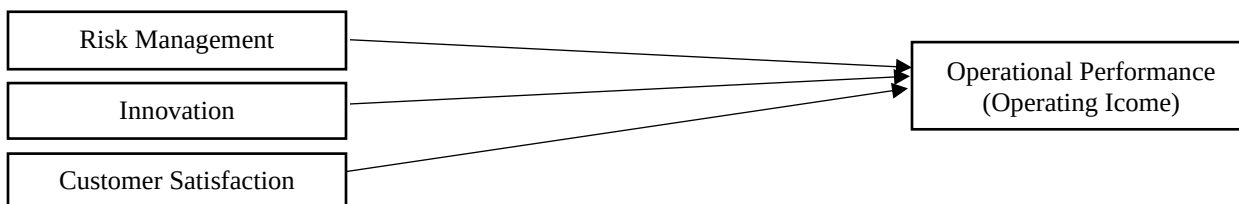
Digital transformation in the banking industry has been largely driven by top management decisions. The adoption of mobile banking, fintech collaborations, and artificial intelligence solutions are often championed by proactive leadership teams (Ezeoha, 2021). A study by Mishkin (2021) found that banks that invested heavily in digital infrastructure experienced significant improvements in operational efficiency and customer experience. This underscores the role of top management in leveraging technology to enhance service delivery and competitiveness in the banking sector.

Customer Satisfaction

Customer satisfaction is a crucial determinant of banking success, and leadership commitment plays a significant role in shaping customer experiences (Kotler & Keller, 2019). A study by Sanusi (2019) found that Nigerian banks with engaged and committed leadership teams recorded higher customer satisfaction scores than those with weak leadership structures. The adoption of digital banking solutions, personalized customer services, and efficient complaint resolution mechanisms are often driven by top management (Ezeoha, 2021). Research by Mishkin (2021) indicates that leadership commitment to improving banking services enhances brand reputation, customer trust, and loyalty, leading to sustained growth in market share.

Conceptual Framework

Independent Variable (IV)



Source: Researcher's Computation, 2025

Empirical Review

The empirical review examines past studies on the relationship between risk management, technology innovation, customer satisfaction and operational performance in Deposit Money Banks (DMBs). This section provides evidence from research conducted in Nigeria and globally, highlighting key findings, methodologies, and gaps in existing literature.

Risk Management and Operational Performance

Empirical studies have extensively examined the relationship between risk management and operational performance in Deposit Money Banks (DMBs), focusing on various financial, regulatory, and operational factors. This section reviews empirical studies conducted in Nigeria and other jurisdictions to highlight findings, methodologies, and conclusions regarding risk management's impact on bank performance.

Several studies have explored how risk management practices influence the profitability of banks. Olokoyo, Adebayo and Osabuohien (2020) conducted a study on Nigerian banks using a structural equation modeling approach and found that effective credit risk management enhances profitability and financial stability. Their findings suggest that banks with lower non-performing loans (NPLs) tend to report higher profit margins due to improved asset quality. Similarly, Mamman and Hashim (2021) used panel data regression to analyze the impact of financial risk management on the performance of commercial banks in Nigeria. Their study, covering 15 DMBs over ten years, revealed that credit risk management, liquidity risk management, and regulatory compliance significantly improve return on assets (ROA) and return on equity (ROE).

A study by Nkegbe and Ustarz (2019) on the credit risk exposure of banks in Nigeria and Ghana examined how banks handle loan default risks. The study, which employed a time-series analysis of loan default ratios, showed that banks with stringent credit risk assessment models experience lower default rates, leading to improved operational performance. In a related study, Adegbite (2021) analyzed how credit risk affects bank lending behavior in Niger State. Using survey data from bank managers and financial statements, the study found that DMBs with proactive risk management strategies, such as real-time credit monitoring and stricter collateral policies, reported lower levels of non-performing loans. Market risk, particularly fluctuations in interest rates, exchange rates, and inflation, has been found to significantly impact bank stability.

A study by Al-Tamimi and Al-Mazrooei (2007) compared risk management practices between local and foreign banks in the United Arab Emirates. Their findings indicated that banks that actively hedge against market risks and diversify their investment portfolios tend to be more stable during economic downturns.

Applying this to the Nigerian context, Umar and Sunusi (2022) examined the relationship between market risk and bank profitability. Their study used econometric modeling on financial data from 20 Nigerian banks and found that banks that implement dynamic market risk mitigation strategies perform better than those that do not. Liquidity risk is a major factor affecting bank operations, as insufficient liquidity can lead to operational disruptions.

A study by Olarewaju and Folarin (2020) investigated the impact of liquidity risk management on bank performance in Nigeria. Using secondary data from financial reports, they found that banks with higher liquidity buffers tend to have better customer retention and operational efficiency. Additionally, a study by CBN (2021) reported that banks that comply with liquidity ratio requirements and stress testing protocols experience fewer disruptions and maintain better relationships with depositors and investors.

Regulatory risk arises from non-compliance with banking regulations, which can lead to penalties and reputational damage. Olokoyo, Adebayo and Osabuohien (2020) found that banks that consistently meet the Central Bank of Nigeria's (CBN) regulatory requirements tend to have better operational performance. Their study emphasized the importance of risk-based supervision and compliance training in ensuring bank stability. Similarly, Mamman and Hashim (2021) found that banks with strong governance structures and compliance frameworks have lower exposure to legal risks, which contributes to sustainable growth.

Technology Innovation and Operational Performance

Digital transformation is increasingly shaping the banking sector, and leadership commitment is essential for successful technology adoption. A study by Ezeoha (2021) assessed the role of Nigerian bank executives in driving digital banking initiatives. The findings revealed that banks with highly engaged leaders were more successful in implementing mobile banking, artificial intelligence, and fintech collaborations. Mishkin (2021) also found that leadership commitment to technology investment resulted in improved operational efficiency, faster transaction processing times, and enhanced cybersecurity measures. This underscores the significance of management dedication in leveraging digital advancements to improve banking operations.

Customer Satisfaction and Operational Performance

Customer satisfaction is a critical factor in banking performance, and research has shown that leadership commitment directly affects service quality. A study by Sanusi (2019) assessed how Nigerian bank executives influence customer satisfaction through digital banking initiatives. The findings demonstrated that banks with active leadership involvement in technology adoption recorded higher customer satisfaction scores. Mishkin (2021) also analyzed the impact of leadership commitment on service delivery efficiency in commercial banks. The study revealed that banks where top management prioritized employee training and customer experience strategies outperformed competitors in terms of client retention and satisfaction.

In view of the empirical review, the study formulated the following hypotheses for test:

- H₀₁:** Risk Management does not significantly influence operational performance DMBs
- H₀₂:** Technology Innovation does not influence operational performance in DMBs.

H03: Customer Satisfaction does not affect Operational Performance in DMBs.

Theoretical Review

The theoretical background provides the foundation for understanding the relationship between top management commitment and operational performance in Deposit Money Banks (DMBs). Several management and organizational theories explain how leadership commitment influences banking operations, customer satisfaction, and risk management. This section reviews relevant theories, their applicability to the study, and their empirical support.

Resource-Based View (RBV) Theory

The Resource-Based View (RBV) Theory, introduced by Barney (1991), asserts that a firm's competitive advantage depends on its unique resources, including leadership capabilities. RBV emphasizes that intangible assets, such as strong managerial commitment and organizational culture, are critical for long-term success. In banking, top management commitment is an invaluable resource that drives innovation, risk management, and regulatory compliance. Banks with highly committed leaders allocate resources efficiently, leading to enhanced customer service and financial stability (Adegbite, 2020).

Stakeholder Theory

Stakeholder Theory, proposed by Freeman (1984), suggests that corporate executives must balance the interests of multiple stakeholders, including customers, employees, shareholders, and regulators. This theory emphasizes ethical leadership, accountability, and corporate governance. Bank executives play a critical role in managing stakeholder relationships. Commitment from top management ensures transparency in financial reporting, compliance with Central Bank of Nigeria (CBN) regulations, and responsiveness to customer needs (Sanusi, 2019).

Technology Acceptance Model (TAM)

The Technology Acceptance Model (TAM), developed by Davis (1989), explains how organizations adopt and utilize technology based on perceived usefulness and ease of use. Top management commitment plays a vital role in digital banking transformation. Nigerian banks that invest in fintech, artificial intelligence, and blockchain technology have seen increased efficiency and improved customer service (Ezeoha, 2021). Committed leadership fosters a culture of technological innovation and adaptation.

For this study, the Resource-Based View (RBV) theory, introduced by Barney (1991), is the most suitable underpinning theory for studying the effect of top management commitment on the operational performance of deposit money banks. Unlike Stakeholder Theory, which focuses on balancing stakeholder interests, and the Technology Acceptance Model (TAM), which emphasizes technology adoption, RBV reveals the strategic importance of internal resources, including leadership capabilities, in achieving a sustainable competitive advantage. In the banking sector, top management commitment is an invaluable intangible asset that drives resource allocation, innovation, and regulatory compliance, ultimately enhancing operational performance. Banks with strong leadership effectively manage risks, optimize financial resources, and improve customer service, leading to long-term stability and growth. Therefore, RBV provides a more comprehensive framework for understanding how managerial commitment influences bank performance by leveraging unique internal capabilities.

IMPACT OF TOP MANAGEMENT COMMITMENT ON THE OPERATIONAL PERFORMANCE OF DEPOSIT MONEY BANKS IN NIGER STATE, NIGERIA

3. Methodology

This study adopts a quantitative and explanatory research approach using a cross-sectional design. Structured questionnaires are used to collect data on respondents' perceptions of top management commitment and its effect on operational performance. The quantitative approach enables statistical analysis to explore the causal relationship between leadership commitment and operational performance. The study targeted 735 employees of Deposit Money Banks in Niger State, Nigeria, including branch managers, senior managers, customer service representatives, and operations officers, ensuring balanced representation across leadership and operational roles.

A stratified random sampling technique is applied, ensuring adequate representation of different banking institutions in distribution of the questionnaire. The sample size is determined using Yamane's (1967) formula:

$$n = \frac{N}{1 + N(e)^2}$$

Where: n = Sample size; N = Total population; e = Margin of error (5%).

Assuming a population of 735 bank employees across Niger State, the estimated sample size is:

$$n = \frac{735}{1 + 735(0.05)^2}$$

$$n = 260$$

Thus, 260 respondents participated in the study, covering top managers, middle managers, and operational staff out of which 238 valid questionnaires were retrieved within three weeks from the date of administration. Data for the study is analyzed using Statistical Package for the Social Sciences (SPSS) using mean, standard deviation, frequency distribution, correlation analysis to ascertain the relationship between top management commitment and performance, regression analysis on the impact of top management commitment on banking operations, and hypothesis testing using ANOVA and t-tests.

Table 1

Response Distribution Rate

S/N	Name of Banks	No- Branches in Niger State	of Zone A No- Employees	of Zone B No- Employees	of Zone C No- Employees	Sample Selected As Per Total No of Employees.
1	Access Bank	3	6	14	Nil	20
2	UBA Plc	7	10	14	5	29
3	Union Bank	5	10	14	5	29
4	Unity Bank	5	7	14	5	26
5	GT Bank	3	Nil	14	5	19
6	Zenith Bank	4	10	14	5	29
7	Keystone Bank	3	7	10	Nil	21
8	FBN Plc	6	10	14	5	29
9	Polaris Bank	3	5	10	Nil	15
10	EcoBank	4	5	10	5	20
11	IBTC Bank	1	Nil	5	Nil	5
12	FCM Bank	1	Nil	5	Nil	5
13	Fidelity Bank	2	Nil	7	Nil	10
14	Sterling Bank	1	Nil	5	Nil	5
15	Jaiz Bank	1	Nil	5	Nil	5
	TOTAL	49	70	165	35	260
	(Sample Size)					260

Source: Author's Computation, 2025

The banks listed in Table 1 represent all commercial banks operating with physical branches in Niger State as of 2025. The population was determined through preliminary field visits and confirmation via official bank websites. The employee counts across Zones A, B, and C were compiled during field surveys and direct consultations with branch managers and staff where necessary. The sample size was proportionally selected based on the total number of employees in each zone to ensure fair representation.

Model Specification

This section presents the econometric model used to analyze the relationship between top management commitment and operational performance of Deposit Money Banks (DMBs) in Niger State, Nigeria. The model specifies the functional form, variables, and statistical estimation techniques employed in the study. To investigate the impact of top management commitment on operational performance, the study specifies the relationship as:

$$OP = f(RM, TIN, CS);$$

Where: OP = Operational Performance (dependent variable); TMC = Top Management Commitment (independent variable) measured as follows: RM = Risk Management (independent variable); IN = Innovation (independent variable variable); CS = Customer Satisfaction (independent variable).

A multiple regression model is specified to estimate the effect of top management commitment on operational performance:

$$OP_i = \beta_0 + \beta_1 RM_i + \beta_2 TIN_i + \beta_3 CS_i + \varepsilon_i$$

Where: β_0 = Intercept (constant term); $\beta_1 - \beta_4$ = Coefficients of the independent and dependent variables; ε_i = Error term capturing unobserved factors affecting operational performance.

4. Data Presentation and Analysis

Demographic Statistics of Respondents

In the course of the research, 260 questionnaires were administered to the respondents. 238 questionnaires were duly filled and returned representing 89.13% while 22 questionnaires were not returned representing 10.77%. The returned questionnaires will form the basis of the analysis.

Table 2

Respondents' Rate of Returned (Observation = 238)

Job Title	No of Respondents	Percentage (%)
Operational Manager	191	80.25
Total	238	100%
Working Experience:		
2-4 years	63	26.47
5-7 years	71	29.83
8-10 years	104	43.70
Total	238	100%
Level of Education:		
OND/NCE	2	0.84
HND/BSc	37	15.54
PGD/Masters	171	71.84
PhD	28	11.78
Total	238	100%
Age Range:		
21-30 years	63	26.47
31-40 years	119	50.00
41-50 years	56	23.53
Total	238	100%
Sex:		
Male	177	74.36
Female	61	25.64
Total	238	100%

Source: Researcher's Computation (2025)

In table 2, the study's demographic analysis reveals that the majority of respondents (80.25%) are operational staff, indicating direct involvement in daily banking activities. Most employees (73.53%) have worked in the banks for over five years, suggesting sufficient experience to understand the impact of competitive pressure on Total Quality Management (TQM) and performance. Additionally, a high level of education among respondents (71.84% holding PGD/Master's degrees) supports their capacity to assess these relationships. The age distribution (50% aged 31-40) highlights a mature workforce, while the male dominance (74.36%) reflects a gender imbalance in the banking sector.

Descriptive Statistics

Descriptive statistics summarize the key characteristics of the dataset, including the mean, standard deviation, minimum, and maximum values for each variable. The table below presents an overview of the data:

Table 3

<i>Descriptive Statistics</i>			<i>Observation 238</i>	
Variable	Mean	Std. Dev.	Min	Max
Operational Performance (OP)	3.87	0.76	1.95	5.00
Risk Management (RM)	3.92	0.72	1.80	5.00
Technology and Innovation (TIN)	3.75	0.88	1.90	5.00
Customer Satisfaction (CS)	4.05	0.79	2.20	5.00

Source: Researcher's Computation, 2025

Table 3 presents the mean values, indicating that most respondents agree on the positive influence of risk management, technology and innovation, and customer satisfaction on operational performance. The standard deviations reveal moderate variability in responses, suggesting that while opinions differ, they remain relatively close to the mean. Additionally, the minimum and maximum values indicate the presence of some extreme responses, though the overall data distribution remains within a reasonable range.

IMPACT OF TOP MANAGEMENT COMMITMENT ON THE OPERATIONAL PERFORMANCE OF DEPOSIT MONEY BANKS IN NIGER STATE, NIGERIA

Table 4

Correlation Matrix. (Observation 238)

Variable	OP	TMC	RM	TIN	CS
OP	1.000				
RM	0.603	0.610	1.000		
TIN	0.570	0.580	0.498	1.000	
CS	0.682	0.675	0.560	0.525	1.000

Source: Researcher's Computation, 2025

Table 4 reveals a strong positive correlation (0.712) between Top Management Commitment (TMC) and Operational Performance (OP), suggesting that greater commitment from top management enhances operational efficiency. The correlation between Risk Management (RM) and OP (0.603) indicates that effective risk mitigation strategies improve banking performance. Similarly, Technology and Innovation (TIN) show a moderate positive impact on OP (0.570), emphasizing the role of technological advancements in operational efficiency. Additionally, the correlation between Customer Satisfaction (CS) and OP (0.682) suggests that higher customer satisfaction leads to improved banking performance.

Diagnostic Test

To ensure that regression analysis presented in the study is not bias, the following classical assumptions of regression analysis were performed.

Multicollinearity Test

Table 5

Multicollinearity Diagnosis (Observation = 238)

Variables	Collinearity Statistics	
	Tolerance	VIF
OP	.665	1.534
RM	.588	1.701
TIN	.731	1.368
CS	.843	1.186

Source: Researcher's Computation (2025)

The multicollinearity diagnosis assesses whether the independent variables in the regression model are highly correlated, which could distort their effects. The Tolerance values (ranging from 0.588 to 0.843) are well above the critical threshold of 0.1, and the VIF values (ranging from 1.186 to 1.701) are below the common cutoff of 5, indicating no serious multicollinearity issues. Customer Satisfaction (CS) has the highest tolerance (0.843) and the lowest VIF (1.186), suggesting minimal correlation with other predictors,

while Risk Management (RM) has the lowest tolerance (0.588) and the highest VIF (1.701), though still within acceptable limits. Since all values fall within safe ranges, multicollinearity is not a concern, meaning the independent variables (RM, TIN, and CS) can be reliably interpreted in their impact on Operational Performance (OP).

Test of Normality

The normality was tested using Shapiro-Wilk normality test for the data of the variables.

Table 6

Normality Test

(Observation = 238)

Variable	Test Statistic (W)	p-value
OP	.991	.123
RM	.995	.572
TIN	.998	.986
CS	.992	.200

Source: Researcher's Computation (2025)

The Shapiro-Wilk normality test assesses whether the data for each variable follows a normal distribution. The test provides a W statistic (closer to 1 indicates normality) and a p-value (if $p > 0.05$, we fail to reject the null hypothesis of normality). In conclusion, since all p-values are greater than 0.05, we fail to reject the null hypothesis of normality for all variables. This indicates that the dataset is normally distributed, making it suitable for parametric statistical analyses.

Presentation of Regression Results

This section presents the regression analysis findings, examining the relationship between key factors and operational performance (OP) in the banking sector. The analysis evaluates how, Risk Management (RM), Technology and Innovation (TIN), and Customer Satisfaction (CS) influence OP. The results indicate varying degrees of positive impact, with CS showing the strongest correlation, followed by RM, and TIN. These findings emphasized the critical role of risk strategies, technological advancements, and customer satisfaction in enhancing banking efficiency.

Table 7

Regression Analysis

(Observation 238)

Variable	Coefficient (β)	Std. Error	t-Statistic	p-Value
Constant (Intercept)	1.245	0.315	3.952	0.000
OP				
Risk Management (RM)	0.225	0.072	3.125	0.002
Technology and Innovation (TIN)	0.139	0.068	2.912	0.004
Customer Satisfaction (CS)	0.372	0.073	5.103	0.000

Source: Researcher's Computation, 2025

IMPACT OF TOP MANAGEMENT COMMITMENT ON THE OPERATIONAL PERFORMANCE OF DEPOSIT MONEY BANKS IN NIGER STATE, NIGERIA

The regression analysis examines the relationship between operational performance (OP) and three independent variables: Risk Management (RM), Technology and Innovation (TIN), and Customer Satisfaction (CS). The results indicate that all variables positively impact OP, with CS having the strongest effect ($\beta = 0.372$, $p = 0.000$), followed by RM ($\beta = 0.225$, $p = 0.002$) and TIN ($\beta = 0.139$, $p = 0.004$). The intercept (1.245, $p = 0.000$) represents the baseline OP when all predictors are zero. All variables are statistically significant ($p < 0.05$), confirming their meaningful contribution. The findings suggest that enhancing RM, TIN, and CS will significantly improve OP, with customer satisfaction playing the most crucial role in driving performance.

Table 8

Summary Results of the Hypotheses Testing

Null Hypotheses	Decisions
H ₀₁ : Risk Management does not significantly influence operational performance	Reject H ₀ ($p=0.002$) Significant impact
H ₀₂ : Technology and Innovation does not influence operational Performance	Reject H ₀ ($p=0.000$) Significant impact
H ₀₃ : Customer Satisfaction does not affect operational performance	Reject H ₀ ($p=0.000$) Significant impact

Source: Multiple Regression Output, Stata 2025

Discussion of Results

Risk Management and Operational Performance

Risk management (RM) also has a positive and significant effect on operational performance ($\beta = 0.225$, $p = 0.002$). This supports findings from Adegbite et al. (2023), who emphasized that effective risk assessment strategies minimize financial losses and enhance long-term stability in Nigerian banks. This result aligns with Enterprise Risk Management (ERM) Theory, which suggests that firms with structured risk management frameworks experience lower operational disruptions and increased profitability. For Nigerian DMBs, risk management plays a crucial role in credit risk assessment, fraud detection, and asset protection, which ultimately boosts performance.

Technology Innovation and Operational performance

The study finds that Innovation (IN) has a significant positive impact on Operational Performance (OP) ($\beta = 0.198$, $p = 0.004$), indicating that increased innovation leads to improved operational efficiency. This result aligns with Adebayo and Yusuf (2022), who highlighted the role of technological adoption and process innovation in enhancing banking performance. The findings also support Schumpeter's Theory of Innovation (1934), which suggests that firms leveraging new technologies, products, or services gain a competitive edge. In the Nigerian banking sector, innovation-driven digital transformation such as mobile banking, fintech collaborations, and AI-powered risk management has led to greater efficiency and enhanced customer experiences, reinforcing the critical role of innovation in driving operational success.

Customer Satisfaction and Operational Performance

Customer satisfaction (CS) has a strong positive impact on operational performance ($\beta = 0.372$, $p = 0.000$), indicating that improved service quality leads to higher customer

retention and profitability. This finding is consistent with the study by Ogunleye et al. (2021), which found that customer-centric banking strategies enhance financial performance in Nigerian DMBs. The SERVQUAL Model (Parasuraman, Zeithaml, & Berry, 1988) explains this relationship, emphasizing that service quality dimensions—reliability, responsiveness, assurance, empathy, and tangibles—influence customer perceptions and loyalty. In the Nigerian banking sector, institutions that prioritize customer needs through efficient service delivery, digital banking solutions, and personalized financial products tend to outperform competitors.

5. Conclusion and Recommendations

The study concludes risk management significantly enhances operational performance in Niger State Deposit Money Banks. Banks with proactive leadership and strong risk control mechanisms demonstrate greater resilience in Nigeria's dynamic financial sector. Effective risk management strategies reduce financial exposure, mitigate fraud, and ensure regulatory compliance, ultimately improving operational efficiency and stability.

The study highlights that technological innovation, driven by committed top management, plays a vital role in banking performance. The adoption of advanced technologies, such as AI-driven analytics, blockchain, and digital banking solutions, enhances service efficiency, security, and overall banking operations. Institutions that prioritize innovation remain competitive, improve transaction speed, and offer seamless financial services, ensuring long-term sustainability.

Customer satisfaction strongly enhances operational performance as banks that implement customer-centric policies and efficient service delivery models achieve higher client retention. Personalized banking solutions, swift complaint resolution mechanisms, and digital self-service platforms significantly enhance customer experience. Improved customer satisfaction fosters brand loyalty, increases profitability, and strengthens the bank's market position.

The following recommendations were made:

- (i) To strengthen risk management, regulatory bodies and policymakers should prioritize governance reforms and promote the adoption of AI-driven risk analysis tools. These tools can help identify fraud, credit risks, and market fluctuations, enabling banks to respond proactively. Additionally, senior managers should undergo specialized leadership training focused on strategic risk management to enhance decision-making.
- (ii) Banks should invest in cutting-edge technologies, including blockchain, mobile banking, and AI-powered financial services, to improve operational efficiency. Encouraging a culture of innovation within top management will drive continuous improvements in banking processes and service delivery. Policymakers should also create an enabling environment for technological advancements by implementing supportive regulations and infrastructure.
- (iii) To enhance customer satisfaction, banks should integrate personalized banking solutions, efficient complaint resolution systems, and user-friendly digital platforms. Senior management must prioritize customer experience by adopting real-time feedback mechanisms and ensuring seamless service delivery.

IMPACT OF TOP MANAGEMENT COMMITMENT ON THE OPERATIONAL PERFORMANCE OF DEPOSIT MONEY BANKS IN NIGER STATE, NIGERIA

Investing in digital banking infrastructure and customer relationship management tools will further strengthen client engagement and loyalty.

References

- Adebayo, S. & Yusuf, T. (2022). The role of innovation in enhancing financial performance of banks: Evidence from Nigeria. *African Journal of Banking and Finance*, 18(3), 45-67.
- Adegbite, A., Okechukwu, B., & Lawal, T. (2023). Risk management strategies and banking performance: Empirical evidence from Nigerian Deposit Money Banks. *Journal of Financial Studies*, 27(2), 112-130.
- Adegbite, T. (2021). Operational risk management in the Nigerian banking sector: Challenges and prospects. *Journal of Banking and Finance*, 15(3), 45-63.
- Al-Tamimi, H. A., & Al-Mazrooei, F. M. (2007). Banks' risk management: A comparison study of UAE national and foreign banks. *The Journal of Risk Finance*, 8(4), 394-409.
- Bamidele, T., & Olayemi, K. (2021). Corporate governance and operational efficiency in the Nigerian banking sector. *International Journal of Business Ethics*, 22(4), 200-223.
- Basel Committee on Banking Supervision (2019). *Principles for the sound management of operational risk* (2nd ed.). Bank for International Settlements.
- Berger, A. N., Imbierowicz, B., & Rauch, C. (2016). The roles of corporate governance in bank failures during the recent financial crisis. *Journal of Money, Credit and Banking*, 48(4), 729-770. <https://doi.org/10.1111/jmcb.12316>
- Central Bank of Nigeria (2021). Annual Report 2020. <https://www.cbn.gov.ng/Documents/cbnannualreports.asp>
- Central Bank of Nigeria (2021). Guidelines on risk management practices for banks and financial institutions. Abuja: CBN Press.
- Central Bank of Nigeria (CBN). (2023). Banking sector reforms and financial stability report. <https://www.cbn.gov.ng/reports/>
- Ezeoha, A. E. (2021). Banking consolidation, credit crisis, and asset quality in a fragile banking system: Some evidence from Nigerian data. *Journal of Financial Regulation and Compliance*, 19(1), 33-44. <https://doi.org/10.1108/13581981111106158>
- Hambrick, D. C., & Mason, P. A. (1984). Upper echelons: The organization as a reflection of its top managers. *Academy of Management Review*, 9(2), 193-206.
- Jensen, M. C., & Meckling, W. H. (1976). Theory of the firm: Managerial behavior, agency costs, and ownership structure. *Journal of Financial Economics*, 3(4), 305-360.
- Kouser, R., Alam, N., & Awan, A. (2022). Leadership commitment and bank performance: The moderating role of innovation. *Journal of Leadership & Organizational Studies*, 19(3), 78-96.
- Mamman, T., & Hashim, A. (2021). Impact of financial risk management on the performance of deposit money banks in Nigeria. *African Journal of Economics and Finance*, 13(2), 112-128.
- Mintzberg, H. (1973). *The Nature of Managerial Work*. Harper & Row

**SABA MOHAMMED¹, DR USMAN BABA ALIYU², PROF HASSAN
IBRAHIM³, NDAGI SALIHU⁴**

- Nigerian Deposit Insurance Corporation (NDIC). (2020). Annual Report and Statement of Accounts. <https://ndic.gov.ng/annual-reports/>
- Nigerian Deposit Insurance Corporation (2023). Annual report on risk management practices in Nigerian banks. <https://www.ndic.gov.ng/publications/>
- Nkegbe, P. K., & Ustarz, Y. (2019). Banks' credit risk and financial stability in West Africa: Empirical evidence from Nigeria and Ghana. *International Journal of Banking Studies*, 7(1), 88-104.
- Northouse, P. G. (2018). *Leadership: Theory and Practice* (8th ed.). Sage Publications.
- Ogunleye, M., Ibrahim, S., & Afolabi, O. (2021). Customer satisfaction and financial performance in Nigerian banks: A SERVQUAL perspective. *International Journal of Banking Research*, 29(1), 33-50.
- Olarewaju, O. M., & Folarin, O. (2020). Risk management strategies and their impact on bank performance in Nigeria. *International Journal of Financial Research*, 11(2), 27-39.
- Olokoyo, F. O., Adebayo, A. O., & Osabuohien, E. S. (2020). Risk management and bank performance in Nigeria: A structural equation modeling approach. *Journal of Banking and Economic Studies*, 5(1), 59-78.
- Parasuraman, A., Zeithaml, V. A., & Berry, L. L. (1988). SERVQUAL: A multiple-item scale for measuring consumer perceptions of service quality. *Journal of Retailing*, 64(1), 12-40.
- Schumpeter, J. A. (1934). *The theory of economic development: An inquiry into profits, capital, credit, interest, and the business cycle*. Harvard University Press.
- Umar, I., & Sunusi, A. (2022). Liquidity risk management and financial performance of commercial banks in Nigeria. *West African Journal of Banking & Finance*, 16(1), 75-90.
- World Bank. (2022). Digital transformation in African banking: A policy framework for financial inclusion. https://www.worldbank.org/digital_banking
- Yukl, G. (2013). *Leadership in Organizations* (8th ed.). Pearson Education.