Global Journal of Applied, Management and Social Sciences (GOJAMSS); Vol.18, January 2020; P.79 - 90 (ISSN: 2276 – 9013)

EFFECT OF BOARD SIZE AND OWNERSHIP STRUCTURE ON DEPOSIT MONEY BANKS FINANCIAL PERFORMANCE IN NIGERIA

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Abstracts

The study explores the effect of Board Size and Ownership Structure attributes of corporate governance on financial performance of Deposit Money Banks (DMB) financial performance in Nigeria. Panel Data were collected from the published Annual Reports of 16 quoted/listed DMB in Nigeria for the period 2011-2015. Operationalizing Return on Assets (ROA) and Return on Capital Employed (ROCE) as the dependent variables while Board Size and Ownership Structure are the independent variables. The study discovered that board size has a negative effect on both ROA and ROCE though not statistically significant and the other dependent variable of ownership structure indicate a positive effect on ROA and a negative effect on ROCE. The study therefore, recommends that regulators to developed, consolidate and review as the need arises, a robust and all-inclusive corporate governance framework.

KEYWORDS: **Board Size; Ownership Structure; Return on Assets; Return on Capital Employed; Deposit Money Banks; Financial Performance**

INTRODUCTION

The business environment is rapidly changing and with it attendant need for business to improve, strengthen and upgrade their operation, in order to survive and thrive in this dynamic and competitive environment. The board of directors, as the organ of Administration and management are caught in the web of these changes and are expected to behave, manage and direct the business entity in a manner acceptable and agreeable by all stakeholders. While the owners/shareholders are responsible for selecting and appointing of members of the board, these necessitated businesses to have in place a code of good governance to demarcate responsibility and minimize conflict among the various stakeholders.
La Porta, Lopez-de-Silanse, Shleifer and Vishny (2000) state that corporate governance is a set of mechanism and measures in which outside investors protect themselves against conflict problems arising from the managers and shareholders. While Rezaee (2009) opined that corporate governance is a process through which shareholders induce management to act in their interest, providing a degree of investors' confidence that is necessary for the capital markets to function effectively. Corporate governance problems arise when shareholders wish to control and manage their companies in a different way to the mangers. Those problems are further compounded and complicated by conflicts among different shareholders due to diversity in ownership.

Corporate governance has a lot of dimensions and measures but this study would only look at ownership structure and board size. The concept of ownership structure can be defined along two dimensions: ownership concentration and ownership Mix. The former refers to the share of the largest owner and is influenced by Absolute risk and monitoring cost, while the latter is related to identify of the major shareholder such as ownership concentration, foreign ownership, domestic ownership, managerial ownership, institutional ownership, Blockholders ownership, governmental ownership, family ownership and so on. Ownership structure is widely seen to be determined by other country level corporate governance characteristics such as development of the stock market and the nature of state intervention and regulation (Nguyen, Tran, Dinh, Lai and Pham, 2015).

The other dimension and measures of corporate governance is the Board size which has to do with the number of directors that made up the Board. The issue of Board size may either be small or large. While large board are seen to be more effective in monitoring financial reporting, as vast experience and skills would be in abundance, provide diversity that could help companies to secure vertical resources and reduce environmental uncertainties. Larger board are more difficult to coordinate and may experience problems with communication, organization participation and providing oversight functions, diminished sense of individual responsibility and bureaucratic bottlenecks are some of the negativity of large boards. (Uadile, 2010; Alfijri and Moustafa, 2007; Dogan and Yildiz, 2013).
Magara, Aming'a and Momanyi (2015) mentioned that financial performance is measured to give the account of stewardship by the management team to the shareholders. The key aspect of this involves measuring the profitability, market value and growth prospect of a company. Accounting based measures uses proxies like return on capital employed (ROCE), Return on equity (ROE), Return on Assets (ROA), Net Profit Margin (NPM) and Profit After Tax (PAT) while market-based measures proxies include Earnings per share (EPS), dividend per share (DPS). Market Value per Share, (MPS) and Stock growth rate.

Banks in Nigeria have attracted a great deal of attention in the past decade because of corporate governance malpractices. This resulted in accumulation of toxic assets, non-performing loans and distorted credit management, which raised concerns about the performance of these banks and the way they are governed. These prompted the authorities to make significant changes in the regulations and relationship between management, boards and shareholders. Ranti (2011) observed that the board of directors were criticized for the decline in shareholder's wealth and corporate failure. They were said to have been in the spotlight for

the fraud cases that had resulted in the failure of major corporations such as Enron, WorldCom and in Nigeria's Cadbury, Oceanic Bank PLC and intercontinental bank PLC. Uadile (2010) said that the series of widely publicized cases of accounting improprieties recorded in the Nigeria Banking Industry in 2009 (for example Oceanic Bank, intercontinental bank, Union Bank, Afribank, fin bank and spring bank) were related to the lack of vigilant oversight functions by the boards of directors, the boards relinquishing control to corporate managers who pursue their own self-interest and the boards being remiss in the accountability to stakeholders.

The aftermath of all these corporate governance malpractices in the banking industry and the response by the regulating agencies to significantly altered regulations (code of governance) and relationship (between management boards and shareholders) led to this study to find out the effect of board size and ownership structure on bank performance in Nigeria.

Objectives of the Study

The main objective of this study is to assess the effect of board size and ownership structure on bank performance in Nigeria 2011-2015.

Other specific objectives are, to:

i. Assess the effect of board size on return on capital employed (ROCE)
ii. Examine the effect of ownership structure on return on assets (ROA)
iii. Ascertain the effect of Ownership Structure on Return Capital Employed (ROCE)
iv. Determine the effect of ownership structure on Return on assets (ROA)

Research Hypothesis

The following Null hypothesis are formulated to serve as a guide to the study.

Ho_1: Board size have no significant effect on Return on Capital Employed.
Ho_2: There is no significant effect of Board size on Return on Assets.
Ho_3: Ownership structure have no significant effect on return on capital employed.
Ho_4: There is no significant effect of ownership structure on return on assets.

Scope of the Study

This study is restricted to the effect of board size and ownership structure on bank performance in Nigeria. The study covers a period of five (5) years 2011-2015 financial years of the banks. The banking industry was selected because of the recent abuse of corporate governance practice in the industry in Nigeria, to be precise in 2009 that led to some banks being taken over by assets management company of Nigeria (AMCON), while some were taken over by other banks and a few had to undertook internal re-organization and restructuring.

The Concept of Board Size and Ownership Structure

Board Size: Bijalwan and Madan (2013) states that board size is the total number of the directors on the board for a particular financial year. There are no specific guidelines on the number of directors a company can have and there is no ideal board size as well. Board size cannot be specific, as there are country-wide differences in legal, social and corporate environment.

While some studies (such as Dalton et al. 1998; Uadile, 2010; Alfijiri and Moustafa, 2007; Dogan and Yildiz, 2013) shows that a larger board size led to better decision making, dynamism in managing risk, effectiveness in monitoring financial reporting and provide diversity that could assist companies in securing resources and reduction of environmental uncertainties. Other studies (such as Uadile, 2010; Dogan and Yildiz, 2013; Ifeanyi and Chukuma, 2016) indicates that smaller board size are easily coordinated with less barriers to communication and drastic reductions in bureaucratic bottlenecks, high sense of individual responsibility and improved organization participation and oversight functions.

The code of corporate governance for banks and discount houses in Nigeria (2014) states that the size of the board of any bank or discount house shall be limited to a minimum of five (5) and a maximum of twenty (20). And members of the board shall be qualified persons of proven integrity and shall be knowledgeable in business and financial matters, in accordance with the extant CBN guidelines and the board shall consist of executive and non-executive directors. The number of non-executive directors shall be more than that of executive directors.

Ownership Structure: Bijalwan and Madan (2013) opined that ownership structure is the distribution of equity with regards to votes and capital and also by the identity of the equity owners. Ownership structure gives a fair idea about the percentage of shares held by the promoters, public directors, private companies, institutional investors, government bodies and the foreign institutional investors in a firm. It also reveals the ownership pattern of a firm. Board ownership is also an important characteristic of board structure. It reduces manager-shareholders conflict in stock ownership by board members. (Uadile, 2010).

Literature distinguishes between two different aspects of ownership structure that influence firm performance; ownership concentration and ownership identity. Mintzberg (1983) mentions involvement and concentration. Involvement is about how influential the owners are and concentration is about closely and widely held shares, in other words, blockholder ownership or dispersed ownership (Eelderink, 2014). Ownership concentration is the fraction of equity held by the owners. Demsetz & Lehn (1985), Demsetz & Villalonga (2001) and Malatesta & Walkling (1988) emphasize the concentration side of ownership structure, which is defined as the number of shares owned by a firm's shareholders. Investors who hold a large number of shares (5 percent or more of outstanding equity) are called Blockholders (Kabir, Cantrijn, & Jeunink, 1997). Ownership identity argues about "who are the owners". Ownership identity considers two types of ownership, insiders and outsiders. Insiders are shareholders who work or have worked at the company; outsiders are shareholders who have never been employees of the firm (Bauguess et al., 2009).

The code for corporate governance for banks and discount houses in Nigeria (2014) reveals that an equity holding of 5% and above by any investor shall be subject to CBN prior approval. Where such shares are acquired through the capital markets, the bank shall apply for a no objection letter from the CBN immediately after the acquisition and in order to discourage government(s) from having majority shareholding in banks, governments direct and indirect equity holding in any bank shall be limited to 10%.

Bank Performance and its Measurement: Firm's performance has to do with the manner and processes adopted by the firm on things of economic value to prudently utilize those things for the achievement of the general business goal and objectives. Banks are firms and such their motive is to make profit just like any other profit making organization. Banks performance could be seen in term of how the management operates or the results of their actions. In view of the latter, performance could be seen in terms of absolute profits, rate of return, earnings per share, the quality of assets portfolio, level of liquidity and net contribution to the economic development of the nation. Performance however, is not determined by inputs alone but is also dependent on the environment within which the bank operates. This environment is referring to as "PESTLM" comprising of political, economic, socio-cultural, technology, legal and marketing. The level of banks performance is determined also on how the institution can positively influenced these environmental factors and effectively survive in a driven competitive environment (Akingunola, et al., 2013).

Ifeanyi and Chukwuma (2016) viewed firm performance as the procedures by which the resources of a firm are used effectively, efficiently and economically to fulfill the goals of the firm. And is crucial in evaluating the overall success of the firm. Firm's performance may be looked at from the financial and the non- financial performance criteria. Measures such as Return on Assets (ROA), Return on Equity (ROE) are the financial performance measures commonly used.

Return on Assets (ROA): This is a financial performance measurement proxy that measures how many naira of earnings, an organization derive from each naira of assets they control and utilized. It is a useful ratio for comparing competing companies in the same industry. Return on Assets (ROA) gives an indication of the capital intensity of the company which will depend on the industry.

- Return on total assets: is profit before extra-ordinary items divided by total assets.

$$\frac{profit\ after\ tax\ before\ extra\ ordinary\ items}{total\ assets} x \frac{100}{1}$$

(Source: makori and Jagongo, 2013)

Return on Assets as a proxy for financial performance on corporate governance and its elements was used in the studies of Gugong, et al. (2014); Garba and Abubakar, (2014); Ihemeje, et al. (2015); Hassan and Farouk, (2014); Paul, et al. (2015); Bijalwan and Madan, (2013); Al-matari, et al. (2012); Dogan and Yildiz, (2013); Wanyama and Olweny, (2013).

Return on Equity (ROE): is a measure of the profitability of a business in relation to the book value of the shareholder's equity, also known as net assets or asset minus liabilities. Return on Equity (ROE) is a measure of how well a company uses investment to generate earnings growth.

- Return on Equity: is profit before extra-ordinary items divided by shareholders' equity.

$$\frac{profit\ after\ tax\ before\ extra\ ordinary\ items}{shareholders\ equity} x \frac{100}{1}$$

(Source: makori and Jagongo, 2013)

Return on Equity as a proxy for financial performance on corporate governance and its elements was used in the studies of Gugong, et al. (2014); Garba and Abubakar, (2014); Bijalwan and Madan, (2013); Dogan and Yildiz, (2013); Wanyama and Olweny, (2013); Uadile, (2013); Uwuigbe and Fakile, (2012).

Empirical Review

Board Size and Banks Performance: A review of the empirical evidence on the impact of board size on performance shows mixed results and remain inconclusive. Abdulazeez, et al. (2016) conducted a study on corporate governance and financial performance of listed deposit money banks in Nigeria on 15 selected banks and using board size as one of the corporate governance variables, analyzing the data obtained through the use of regression and discovered that board size has a positive and significant effect on bank performance. This aligns to other studies such as Akpan and Roman, (2012) and Adams and Mehran, (2005). Negative relationship was found in the studies of Ajola, et al. (2012); Bawa and Lubabah, (2013); Hassan and Farouk, (2014); and Ihemeje et al (2015). Which indicate that bank performance and board size are negatively related?

Ownership Structure and Bank Performance: Empirical evidence from the research conducted by Poudel and Hovey (2013) on corporate governance efficiency in Nepalese commercial banks covering 29 banks for the period 2005-2011 using descriptive studies and multiple regression. They disclosed that foreign and institutional ownership has different influence on bank performance. While foreign ownership has no any significant relationship with bank efficiency, institutional ownership has negatively related to bank efficiency. The studies conducted by Tsegba and Ezi-Herbert (2011) on a sample of 73 companies listed on the Nigerian stock exchange by investigating the relationship between ownership structure and performance and found that there is a negative relationship between the variables (that is ownership concentration and performance). This agrees to other studies such as Uadile, 2010; Belkhir, 2006; and Hanafi and Hudaib, 2006. Positive relationship between ownership structure and firm performance was discovered in the work conducted by Gugong et al., 2014; Uwalomwa and Olamide, 2011; Sanda, et al., 2005; and Aymen, 2014

Theoretical Framework

Stakeholder Theory: Heenetiga (2011) said that research into corporate governance also discusses the stakeholder theory in relation to firms' responsibility to the wider community. A stakeholder is any group of individuals who can affect or is affected by the activities of the firm, in achieving the objectives of the firm

(Freeman 1984). A similar view has been put forward by the World Business Council for Sustainable Development (1999), which also identifies stakeholders as the representatives from labor organizations, academia, church, indigenous peoples, human rights groups, government and nongovernmental organizations and shareholders, employees, customers/consumers, suppliers, communities and legislators. According to Ansoff (1965), a firm's objective could be achieved through balancing the conflicting interests of these various stakeholders. Therefore, a fundamental aspect of stakeholder theory is to identify the stakeholders an organization is responsible for. Any stakeholder is relevant if their investment is, in some form, subject to risk from the activities of the organization (Clarkson 1995).

Corporate governance systems are in a state of transition due to internationalization of capital markets, resulting in convergence of the shareholder value-based approach to corporate governance and the stakeholder concept of corporate governance towards sustainable business systems (Clarke 1998). It can be seen that stakeholder theory is an extension of the agency perspective, where responsibility of the board of directors is increased from shareholders to other stakeholders' interests (Smallman 2004).

Criticisms that focus on stakeholder theory identify the problem of who constitutes genuine stakeholders. One argument is that meeting stakeholders' interests also opens up a path for corruption, as it offers agents the opportunity to divert the wealth away from the shareholders to others (Smallman 2004). But the moral perspective of stakeholder theory is all stakeholders have a right to be treated fairly by an organization, and managers should manage the organization for the benefit of all stakeholders, regardless of whether the stakeholder management leads to better financial performance (Deegan 2004).

RESEARCH METHODOLOGY

The research design employed in this study is the ex-post facts design. This design ensures that the dependent and independent variables are studied, the way they exist. Onwumere (2005) state that it is the type of research involving events that have already taken place. Data for the study already exist in the form of published annual reports and therefore no attempts was made to control or manipulate recent independent variable and this give the justification for selecting this research design method.

Population and Sample size of the Study: The population of this study is made up of sixteen (16) listed banks on the Nigeria Stock Exchange as 31st December, 2015 and has consistently submitted their annual reports to the NSE from 2011 to 2015, these banks are

i. Access bank PLC
ii. Diamond bank PLC
iii. Ecobank transactional incorporated
iv. First Bank (FBN Holding PLC)
v. FCMB Group PLC
vi. Fidelity Bank PLC
vii. Guaranty Trust Bank PLC
viii. Jaiz Bank plc
ix. Skye bank PLC
x. Stanbic IBTC Holding PLC
xi. Sterling Bank PLC
xii. Union Bank PLC
xiii. United Bank for Africa PLC
xiv. Unity bank PLC
xv. Wema Bank PLC
xvi. Zenith Bank PLC

The sample size of this study would consist of the whole population of sixteen (16) banks quoted on the financial services sector of the Nigeria Stock Exchange as at 31/12/2015.The justification for the selection

for the whole population and therefore adopting census as a means of sampling is because the population (N) is not up to 30.

Source of Data Collection: This research mainly utilized the secondary data, the source of data included published annual reports and Accounts of the banks covering the period of the study. Other sources included Nigeria stock Exchange fact book, textbooks, Journals (prints and electronic) and the banks website/page. Annual reports are the major medium of communication between management and other stakeholders and therefore the main sources for obtaining corporate information Ndukwe (2009) is of the opinion that Annual reports are generally considered by management and outsiders to be the most important and influential sources of information about a corporate entity.

Model Specification: To determine the effect of Board size and ownership structure on Banks Performance in Nigeria. The following model was developed to test the hypothesis stated earlier and which examines the effect between dependent and the independent variables. This model was adopted form the work of Vadile, (2010); Hassan & Farouk, (2014); Zabri et al, (2016); Ihemeje et al, (2015) Pondel and Hovey, (2013) with modification.

$ROCE_{it} = \propto_0 + \propto_1 \ DO_{it} + \propto_2 \ IO_{it} + \propto_3 \ \beta_{it} + \mu_{it}$

$ROCE_{it} = \beta_0 + \beta_1 \ RE_{it} + \beta_2 RM_{it} + \ \beta_3 \ RF_{it} + \mu_{it}$

$ROA = \propto_0 + \propto_1 \ DO_{it} + \propto_2 \ IO_{it} + \propto_3 \ \beta O_{it} + \mu_{it}$

$ROA = \beta_0 + \beta_1 \ RE_{it} + \beta_2 RM_{it} + \ \beta_3 \ RF_{it} + \mu_{it}$

Where ROCE and ROA are the dependent variable while the ownership structure and board size are the independent variable.

ROA: Represent Return on Assets

ROCE: Represents Return on Capital Employed

Board size which is proxies by

RE: Ratio of independent direction to executive directors on the board

RM: Ratio of Total directors to the Maximum direction stipulated in the code of corporate governance.

RF: Ratio of female directors to male directors on the board.

Ownership structure is proxies by

DO: proportion of equity held by executive directors of the banks to total equity outstanding

IO: proportion of equity held by institutional investors to total equity outstanding.

BO: proportion of block ownership of equity to total equity rats finding.

t: represent the time period of the panel data

i: represent the number of firms in the panel data

μ represent the error term

$\propto_1 - \propto_{3,}$ β_1 - $\beta_{3,}$ $\propto_0,$ $and\ \beta_0$ are constant

Data Analysis Technique: Data obtained would be in panel form i.e. panel data and would be analyzed using descriptive statistics. The hypothesis stated would be tested using the multiple regression of ordinary least square (OLS), the justification for the use of ordinary least square (OLS) is that is a method of estimating the unknown parameters in a linear regression model, with the goal of minimizing the sum of the square of the difference between the observed responses, in the given data set and those predicted by a linear function of a set of explanatory variable.

ANALYSIS OF DATA AND DISSCUSSION OF FUNDINGS

Analysis of Data: With the aid of SPSS 21 statistical tool, the researcher used the data in the appendices to compute the descriptive statistics as shown in table 4.1

Table 4.1 Descriptive Statistics showing mean, median and standard deviation for the study

	N	Minimum	Maximum	Sum	Mean		Std. deviation
	Statistic	Statistic	Statistic	Statistic	Statistic	Std. error	Statistic
RE	78	37.50	90.00	4600.10	58.9756	1.26134	11.13986
RM	78	50.00	105.00	6125.00	78.5256	1.37502	12.14386
RF	78	.00	33.33	1334.44	17.1082	.99289	8.76894
DO	78	.00	28.74	172.36	2.2097	.63170	5.57899
IO	78	.00	87.10	2629.06	33.7059	2.38567	21.06964
BO	78	5.44	89.16	4612.28	59.1318	1.92658	17.01512
ROA	78	-9.27	17.36	134.57	1.7253	.37286	3.29301
ROCE	78	-80.00	34.95	678.93	8.7042	1.90670	16.83954
Valid N (listwise)	78						

Source: Researcher's computation 2017

The result of the descriptive analysis shows that the variable ROA has mean value of 1.7253 and a mean standard error of 0.37286. the variable has a maximum value of 17.36 and a minimum value of -9.27 it has a standard deviation of 3.29301. While the independent variable of ROCE has a mean of 8.7042 and mean standard error of 1.90670. The variable has the maximum value of 34.95 and minimum of 80.00 with a standard deviation of 16.83954.

The variable ownership composition represented by variable RE, RM and RF has a mean rate of 58.9756, 78.5256 and 17.1082 respectively with a mean standard error of 1.26134, 1.37502 and 0.99289. The variables have maximum value of 90, 105 and 33.33 respectively with minimum value of 37.50, 50 and 0.00. the standard deviation of the variables 11.13986, 12.14386 and 8.76894 respectively. The variables

Test of hypothesis

Regression Results of Board Size and ROA

Decision rule: At a significant level of 0.05, if the significant value (P value) of F is < 0.05 H_0 is rejected or H_a is accepted.

ROA = $x_0 + x_1 + DO_{it} + x_2 + IO_{it} + x_3 + BO_{it} + \mu_{it}$

= $9.376 - 0.035DO - 0.088IO + 0.077BO$

$(se)(3.916)(0.036)(0.031)(0.043)$.

t^{*} $2.394^{*} - 0.988^{*} - 2.859^{*}$ 1.784^{*}.

$R^2 = 0.146$

DW = 1.055
Standard errors in parenthesis; t statistic in asterisk. Based on the result disclosed, using ordinary least square, on the effect of Board size on Return on assets. The results suggest that board size has a negative effect on return on asset as indicated by board size co-efficient $(-0.035 - 0.088\ and\ 0.077)$. This suggest that if board size was to increase, ROA will decrease by $-0.035, -0.088\ and\ 0.077$ respectively (that is -0.046). 1% increase in Board size would results to about 0.046 unit decrease in ROA. However, the t statistics shows that, it is not statistically significant the decrease and that only about 14.6% of variation in ROA is explained by Board size. The null hypothesis is therefore accepted.

Regression Result of Board Size and ROCE
$ROCE_{it} = x_0 + x_1 + DO_{it} + x_2 + IO_{it} + x_3 + BO_{it} + \mu_{it}$
$37.854 - 0.333 - 0.205 + 0.383.$
$(se)(20.354)(0.186)(0.154)(0.225).$
$t^*\ 1.860^* - -1.786^* - 1.284^*\ 1.697^*.$
$R^2 = 0.117$
DW = 1.951
The results obtained are based on SPSS computation on the effect of Board size on Return on capital employed. The result suggest Board size has a negative effect on Return on capital employed as indicated by Board size coefficients $(-0.333, -0.205\ and\ 0.383) orS\ (-0.155)$. This suggest that if Board size was to change by increasing, ROA will decrease by 0.155 units. However, the t statistic shows that it is not statistically significant, the decrease and that only about 11.7% of variation in ROCE is attributed to Board size. The decision is to accept the null hypothesis

Regression Results of ownership structure and ROA
$ROA_{it} = B_0 + B_1\ RE_{it} + B2RM_{it} + B_3RF_{it} + \mu_{it}$
$=0.430 + 0.035RE + 0.005RM + 0.018RF$
$(se)(1.435)(0.071)(0.020)(0.024).$
$t^*\ 0.300^*\ 0.493^*\ 0.241^*\ 0.754^*.$
$R^2 = 0.013$
DW =1.093
The effect of ownership structure on ROA suggest that ownership structure has a positive effect on Return on assets as the co-efficient indicates $(0.035, 0.005\ and\ 0.018)\ or\ (0.058)$. This suggest that if ownership structure was to change by increasing, ROA will also increase by 0.058 units. 1% increase in ownership structure would results to about 0.058 increase in ROA. However, the statistic shows that, it is not statistically significant as only about 1.3% of variation in ROA is attributed to ownership structure. Decision rule is to reject the null hypothesis.

Regression Result of Ownership Structure and ROCE
$ROCE_{it} = \beta o + \beta_1 RE_{it} + \beta_2 RM_{it} + \beta_3 RF_{it} + \mu_{it}.$
$=15.100 - 0.318RE - 0.105RM - 0.037RF$
(se)(7.293) (0.300) (0.100) (0.12)
$t^*\ 2.077^* \quad - 0.833^* \quad - 1.049^* - 0.308^*$
$R^2 = 0.025$
DW =1.961
The effect of ownership structure on ROCE suggest that ownership structure has a negative effect on ROCE as the co-efficient indicates (-0.318, -0.105 and – 0.037). This suggests that if ownership was to change by increasing, ROCE will decrease by 0.55 units. 1% increase in ownership structure would results to about 0.55 units decrease in ROCE. However, the statistics shows that it is not statistically significant as only about

2.5% of the variation in ROCE is attributed to ownership structure. Decision Rule: to accept the null hypothesis.

Discussion of Findings

This study was conducted to assess the effect of board size and ownership structure (independent variables) on banks performance (dependent variables) in Nigeria. And the study reveals that; Board Size has a negative Effect on both return on capital employed (ROCE) and return on assets (ROA) which is in agreement with the result of prior studies of Ajola, et. al., 2012; Bawa and Lubabah, 2013; Hassan and Farouk, 2014; and Ihemeje,et. al.,2015. But the results disagree to the studies of Akpan and Roman, 2012; Adam and Mehran, 2005; and Abdulazeez, et. al., 2016 that shows a positive effect between board size and bank performance measured through financial performance indices.

Ownership Structure shows a positive effect on return on assets (ROA), which align to the studies of Gugong et. al., 2014; Uwalomwa and Olamide, 2011; Sanda, et. al., 2005; Aymen, 2014 and McConnell and Servaes, 1990. That provided a positive relationship between ownership structure and bank performance. While the effect of ownership structure and return on capital employed (ROCE) shows a negative effect; Poudel and Hovey, 2013; Tsegba and Herbert, 2011; Uadile, 2010; Belkhir, 2006; Hanafi and Hudaib, 2006; and Khamis, Hamden and Elali, 2015. All indicating a negative relationship between ownership structure and ROCE.

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