International Journal of Business and
General Management (IJBGM)
ISSN(P): 2319-2267; ISSN(E): 2319-2275
Vol. 5, Issue 3, Apr - May 2016; 7-20
© IASET

International Academy of Science, Engineering and Technology
IASET
Connecting Researchers; Nurturing Innovations

A FIRM-LEVEL ANALYSIS OF CORPORATE GOVERNANCE AND BANK PERFORMANCE IN NIGERIA

MUHAMMAD SANI UMAR[1] & ATANDA TAIWO MUTIU[2]

[1]Research Scholar, Department of Business Administration, Faculty of Management Sciences,
Usmanu Danfodiyo University, Sokoto

[2]Department of Business Administration, Faculty of Management Sciences, Usmanu Danfodiyo University, Sokoto

ABSTRACT

This study examines the relationship between corporate governance and firm performance with particular reference to the United Bank for Africa Plc, Nigeria. It adopts three corporate governance mechanisms (board size, board composition and the number of board committees) and three performance variables (Return on Investment, Profit Margin and Return on Equity). Thus, panel data (from the secondary source) were collected on the corporate governance mechanisms and performance variables over a period of five years spanning from year 2006 to 2010. The multiple regression technique was used to analyze the data. The study finds that the number of board committees has significant negative relationship with Profit Margin. The size of the board does not significantly affect the return on shareholder's equity and investment in the company and lastly, the presence of more number of independent directors on the board does not significantly affect firm performance. The study recommends amongst others that bank management should establish optimum board size to accommodate diverse backgrounds and skill mix appropriate to discharge their duties to the firm. Again, banks should not waste effort in engaging more independent directors on its board but however, endeavour to engage more executive directors who possess cognate experience in the industry on its board.

KEYWORDS: Firm-Level Analysis, Corporate Governance, Bank Performance

INTRODUCTION

Corporate governance is the subject of much research in the organisational sciences and economics. It is critical from individual firm, organisational, industry and country perspectives. Yet most of the studies focus on organisational, industry and country comparison levels of corporate governance and performance (e.g. Maher and Andersons, 1999; Brown and Caylor, 2004; Kajola, 2008; Varshney, Kaul and Vasal, 2012).

The consolidation exercise in Nigerian banking industry in 2005 has led to the establishment of mega banks, who are publicly quoted and therefore have numerous shareholders. This development has posed corporate governance challenges on the banks, since the managements must take decisions aligned with shareholders interests in order to maximize shareholders' wealth. To achieve these objectives, and effectively operate in the global market, there is need for accountability, transparency and respect for rule of law in their operations.

According to Uwuigbe (2011), Jenkinson and Mayer (1992) refer to corporate governance as "the process and structure by which the business and affairs of institutions are directed and managed, in order to improve long term shareholders value by enhancing corporate performance and accountability, while taking into account the interest of other

stakeholders." Kajola (2008:2) contends that corporate performance is an important concept that relates to the way and manner in which financial resources available to an organisation are judiciously used to achieve the overall corporate objective of an organisation. It keeps the organisation to be in business and creates a greater prospect for future opportunities.

There has been a great deal of concern on the subject matter of corporate governance in the recent time. This could be explained partly by the increasing awareness of the tremendous impact which corporate entities (companies) now have on national economies all over the world. Their impact is felt through their contributions to the economies' Gross Domestic Product (GDP) and to the capital markets of the various countries. Naturally, the shareholders who are regarded as owners of companies are widely dispersed. This creates the necessity to delegate the management of the company to few numbers of persons for effective control. This separation of ownership and control leads to conflict of interests between owners and managers (Zhekai, undated: 2).

However, many stakeholders still believe that these companies are not performing up to the expectations due to the separation of ownership and control of companies. There have been numerous cases of corporate failure which cut across different industries including banking industry in various countries of the world. For instance, there is the case of Enron in the U.S., Parmalat in Italy, Polly Peck and Maxwell Communications in the U.K., and Cadbury and Savannah Bank in Nigeria. According to Soludo (2004) cited in Otse (2012), the Nigerian banking system is highly concentrated, bedeviled with weak corporate governance, lack of depositors confidence which could also make significant impact on global financial market.

The challenges of corporate governance are more pronounced in the Nigerian banking industry after the consolidation exercise executed in the industry in the year 2005. These challenges if not effectively handled could cause dwindling stakeholders' confidence in the banking system and its attendant reduction in the availability of funds for investment opportunities. This is capable of impacting negatively on the growth and development of the country. Moreover, the findings of various studies on corporate governance and firm performance show that there is no consensus on the exact relationships that exist between firm performance and the set of corporate governance mechanisms adopted (Hermalin and Weisbach, 1991; Lipton and Lorsch, 1992; John and Senbet, 1998; Eisenberg et al, 1998; Kyereboah-Coleman and Biekpe, 2006; and Kyereboah-Coleman, 2007). Various studies on corporate governance adopted a number of corporate governance mechanisms which could be used to reduce the principal-agent problem between managers and their shareholders. These mechanisms include board size and board composition. This study seeks to use the number of board committees as an additional corporate governance indicator. The use of number of board committees as a corporate governance variable is justified on the ground that the more the number of board committees, the more the likelihood of intense monitoring of the company's activities, especially at the helm of affairs (John and Senbet, 1998). Thus, this study covers corporate governance variables such as board size, board composition, and number of board committees as well as performance variables such as Return on Investment, Profit Margin and Return on Equity as they relate to the United Bank for Africa Plc. from the year 2006 to 2010.

In order to achieve the objective of the study, it poses to answer the following questions: Do corporate governance mechanisms significantly relate to Return on Investment (ROI)? Is there significant relationship between corporate governance mechanisms and Profit Margin (PM)? Is there significant relationship between corporate governance variables and Return on Equity (ROE)?

The paper is organized as follows. Section 2 reviews related literature. In section 3 methodology employed is discussed. Section 4 presents the results while section 5 concludes the study.

LITERATURE REVIEW

Viewing corporate governance in the context of banking, Uwuigbe (2011) contends that it is "the manner in which systems, procedures, processes and practices of a bank are managed so as to allow positive relationships and the exercise of power in the management of assets and resources with the aim of advancing shareholders' value and shareholders' satisfaction together with improved accountability, resource use and transparent administration."

There are a number of theories to the explanation of the concept of corporate governance in organizations. However, the following are relevant for the purpose of this study.

AGENCY THEORY

According to Kyereboah-Coleman and Biekpe (2006:3), the theory of corporate governance stems from the thesis, "The Modern Corporation and Private Property" by Berle and Means (1932). The thesis explains a fundamental agency problem in modern firms where there is a separation between those who manage the firm and those who contribute finance to the corporation. The separation of ownership and control generates conflict of interest between professional managers (agents) and shareholders (principal). The managers are accountable to the shareholders. This relationship can be explained by the principal-agent theory.

The managers must take actions in the interest of shareholders so as to reduce costs associated with principal-agent theory. In order to ensure this, the principals have to deal with two problems. Firstly, they must select the most capable managers. Secondly, they must adequately motivate the managers to exhibit appropriate behaviour and make decisions aligned with shareholders interests.

Jensen and Meckling (1976) cited in Kyereboah-Coleman and Biekpe (2006:4) further define agency relationship and put forward certain agency costs. According to them, agency relationship is a contract under which "One or more persons (principal) engage other person (agent) to perform some service on their behalf, which involves delegating some decision-making authority to the agent". The conflict of interests between managers or controlling shareholders, and outside or minority shareholders refers to the tendency that the former could exploit the firm's resources at the expense of the latter. Agency costs in this case include monitoring expenditures by the principal such as auditing, budgeting, control, and compensation systems, bonding expenditure by the agent and residual loss due to divergence of interests between the principals and the agents. Share price paid by shareholders (principal) usually reflects such agency costs. To increase firm value, therefore, the agency costs must be reduced. This is one way to view the linkage between corporate governance and corporate performance.

Kyereboah-Coleman and Biekpe (2006:4) have observed that the main difference between countries' corporate governance systems is the differences in the ownership and control of firms that exist across these countries. The liberal model found in USA and UK, which is characterized by wide dispersed ownership (outsider system), tends to give priority to shareholders interests.

The coordinated model found in countries like Japan and Germany, which is characterized by concentrated ownership (insider system) not only recognizes the shareholders interests but also recognizes the interests of workers,

managers, suppliers, customers, and the community. Each model has its own distinct competitive advantage. In outsider systems (liberal model) of corporate governance, there is a basic conflict of interest between strong managers and widely dispersed weak shareholders. In insider systems (coordinated model), on the other hand, the basic conflict is between controlling shareholders (or block holders) and weak minority shareholders.

STAKEHOLDERS THEORY

By identifying shareholders as the only interest group of a corporate entity, Agency Theory of corporate governance has received a wide criticism. According to Kyereboah-Coleman (2007), the stakeholder theory appears better in explaining the role of corporate governance than the agency theory by highlighting the various constituents of a firm like creditors, customers, employees, banks, governments, and society as relevant stakeholders. Abrams (1951) cited in Kyereboah-Coleman (2007) opines that the stakeholder theory stipulates that, a corporate entity invariably seeks to provide a balance between the interests of its diverse stakeholders in order to ensure that each interest group receives some degree of satisfaction. Similarly, John and Senbet (1998) provide a comprehensive review of the stakeholders' theory of corporate governance which points out the presence of many parties with competing interests in the operations of the firm. They also emphasize the role of non-market mechanisms such as the size of the board and committee structure as important to firm performance. Hence, stakeholder theory has become more prominent because many researchers have recognized that the activities of a corporate entity impact on the external environment requiring accountability of the organization to wider interest groups than simply its shareholders.

CORPORATE GOVERNANCE MECHANISMS AND CONTROLS

Corporate governance mechanisms and controls are designed to reduce the inefficiencies that arise from moral hazard and adverse selection. For instance, to monitor manager's behaviour, an independent third party (the external auditor) attests the accuracy of information provided by management to investors. An ideal control system should regulate both motivation and ability.

In the same vein, Okeahalam and Akinboade (2003) emphasize that, discipline in modern corporations is induced by both internal and external factors. They further explain that, internally, effective governance systems are reflected in a set of relationships among the key players in a corporation. These would be reflected in the companies' code and auditing regulations of the company. Internal arrangements, according to them, differ based on the ownership structure of the company. For a publicly-owned company with dispersed ownership, the manner of selection of board members is important. For closely held companies with a controlling shareholder, the governance issue revolves around the need to prevent the controlling shareholder from extracting excessive benefits from the corporation at the expense of the minority shareholders. However, additional requirements may be imposed by securities laws and listing requirements of stock exchanges. The internal and external factors affecting the corporate governance system of a company are:

Internal Corporate Governance Mechanisms

Internal corporate governance mechanisms and controls monitor activities and then take corrective actions to accomplish organizational goals. These include the following:

The Role of the Board of Directors

A director of a company is a custodian or trustee of the company's resources and properties and is duly appointed

to direct and manage the business of the company. The board of directors, with its legal authority to hire, fire, and compensate management, safeguards invested capital. Regular board meetings allow potential problems to be identified, discussed and avoided. While non-executive directors are thought to be more independent, they may not always result in more effective corporate governance and may not increase performance. Most regulatory framework requires that a company's board of directors prepare financial statements reflecting a true and fair view of the operations of the company during the financial year.

Size of the Board of Directors

The size of boards is believed to impact on the performance of the corporation. In this regard, Ayogu (2001) cited in Okeahalam and Akinboade (2003) argue that the market penalizes large boards i.e., those with membership between 4 and 10, beyond which no systematic relationship appears to exist. In a Nigerian study, Sanda et al (2003) report that firm performance is positively correlated with small, as opposed to large boards. However, Brown and Caylor (2004) show that firms with board sizes of between six and 15 have higher returns on equity and higher net profit margins than do firms with other board sizes.

Internal Accounting and Financial Audit

Internal central procedures are policies implemented by an entity's Board of Directors, Audit committee, Management, and other personnel to provide reasonable assurance of the entity achieving its objectives related to reliable financial reporting, operating efficiency, and compliance with laws and regulations. The audit committee plays a vital role in financial and operational controls in the whole system of corporate governance, by making recommendations to the board concerning the appointment and remuneration of external auditors, reviewing auditors' evaluation of the system of internal control and accounting, and considering and making recommendations on the conduct of any aspect of the business of the company which should be brought to the notice of the board, among others.

The internal audit is an integral element of corporate governance and is carried out by an internal auditor who tests the design and implementation of the entity's internal control procedures and the reliability of its financial reporting.

External Auditors

The main object of the external audit is to give a report on the view presented by the financial statements prepared by the managers. The detection of fraud and errors are incidental to this main object. The audit may also prevent the commission of fraud and errors by reason of the deterrent and moral check that it imposes. Regulators' reliance on external auditors is based on the belief that the auditors will act on behalf of either the public or the state, and that auditors are independent of the management. To engender public confidence in the integrity of the external auditor, he/she must be skilful, careful, diligent, faithful, and honest. Such an auditor supports the perception of corporate governance. If the external audit firm provides this support then the most critical consideration must be whether the internal audit department is staffed by different personnel from the external audit and also headed by a partner not involved in external audit activities.

External Corporate Governance Mechanisms

External corporate governance mechanisms and controls encompass the controls external stakeholders exercise over the organization. These include laws, rules and institutions that provide a competitive playing field and discipline the

behaviour of insiders, weather managers or shareholders. In developed market economies, some of the institutions that discipline corporations are the legal framework for enforcing shareholders rights, systems for accounting and auditing, a well-regulated financial system, the bankruptcy system and the market for corporation control.

However, there is new increasing momentum internationally towards implementing more laws and government regulations that impose obligations on companies, their directors and officers. Failure to do so may lead to legal and criminal sanctions being imposed on them. Wither ell (2000) is of similar view, when he asserts that "the quality of governance is directly linked to the policy framework." Therefore, if the framework conditions are not in order, the governance system will not be effective. The governments play vital role here, since they are responsible for shaping the legal, institutional and regulatory framework within which governance systems are developed.

CORPORATE GOVERNANCE AND FIRM PERFORMANCE

Various empirical studies have tried to create nexus between corporate governance and firm performance. Some of these studies found a positive relationship between certain corporate governance variables and firm performance variables, some found a negative relationship between these two sets of variables, while others found no relationship between the two sets of variables. This implies that the results of the studies are not conclusive. According to Kyereboah-Coleman and Biekpe (2006), the main features of corporate governance adopted in various studies include board size, board composition, CEO duality and ownership structure. This section discusses the documented evidence of the relationships between firm performance and corporate governance mechanisms that are adopted for the purpose of this study.

Board Size and Firm Performance

Kyereboah-Coleman and Biekpe (2006:5) have argued that larger boards are better for corporate performance because they have a range of expertise to help make better decisions and are difficult for powerful CEO to dominate. Nevertheless, Jensen (2001) cited in Sanda et al. (2005) and Lipton and Lorsch (1992) contend that large boards are less effective and are easier for a CEO to control. This is because when a board gets too big, it becomes difficult to coordinate and process problems. Sanda et al. (2005), using the data from 93 Nigerian quoted firms, concur with Jensen (2001) and Lipton and Lorsch (1992) by asserting that firm performance is positively related with small, as opposed to large boards. Eisenberg *et al.* (1998) also found positive relationship between small board size and profitability, having used sample of small and midsize Finish firms.

Board Composition and Firm Performance

There have been diverse opinions as to whether the board should be composed of more executive directors or more outside directors, who have no tie with firm management (non-executive directors). Kyereboah-Coleman and Biekpe (2006) report a positive relationship between board independence and firm value. They assert that outside directors may act as "professional referees" to ensure that competition among insiders results to actions consistent with shareholder value maximization. Conversely, Fama (1980) cited in Kyereboah-Coleman (2007) favours more inside directors on the board because they are more familiar with the firm activities and they act as monitors to top management, especially if they perceive the opportunity to advance into positions held by incompetent executives. Fama (1980) cited in Kyereboah-Coleman (2007) tends to support the existence of negative relationship between firm performance and board independence. Baums (1994) have maintained that the effectiveness of a board depends on the optimal mix of inside and outside directors. However, there is very little theory on the determinants of an optimal board composition (Hermalin and Weisbach, 2002).

Studies which totally deviate from the above findings are Hermalin and Weisbach (1991), John and Senbet (1998) and Bhaget and Black (2002) find no relationship between board composition and firm performance. Fosberg (1989) finds no relation between the proportion of outside directors and various performance measures (i.e. sales, number of employees, and return on equity); and Bhagat and Black (2002) find no association between the proportion of outside directors and Tobin's Q, return on assets, asset turnover and stock returns. In contrast, Baysinger and Butler (1985) and Rosenstein and Wyatt (1990) show that the market rewards firms for appointing outside directors; and Anderson, Mansi and Reeb (2004) show that the cost of debt, as proxied by bond yield spreads, is inversely related to board independence.

Thus, the relation between the proportion of outside directors, a proxy for board independence, and firm performance is mixed.

Number of Board Committees and Firm Performance

John and Senbet (1998) have stressed the role of committee structure as a means of increasing the independence of the board. They argue for the need to set up specialized committees on audit, remuneration and appointment. This is also in line with the submission made by Explore (2013) that there should be a system of independent sub-committees of the board, especially the finance and audit and remuneration committees of companies.

However, there is dearth of empirical research that seeks to establish the relationship between the number of board committee set-up by a firm and such firm's performance. This study seeks to adopt this dimension to bridge the knowledge gap in this area of study.

In conclusion, the findings of various studies reviewed above indicate that there is no consensus on the exact relationships that exist between firm performance and the set of corporate governance mechanisms adopted.

RESEARCH METHODOLOGY

The longitudinal survey research design was adopted in this study. Panel data were collected on the independent (corporate governance mechanisms) and dependent (performance measures) variables of the study over a period of five years (2006-2010). United Bank for Africa Plc. was purposely selected. UBA was selected because of its strong financial base and ownership structure. The bank has over 700 branches and cash offices in Nigeria's major commercial centre's, state capitals and Federal Capital Territory (FCT), Abuja with two offshore branches in New York and Grand Cayman Island.

The study also covers all branches of United Bank for Africa (UBA) Plc. in Nigeria. This is because the Annual Reports and Accounts (ARA) which served as the main source of empirical data used in the study encompass the results of operations and financial positions of all the branches for the relevant years. All the branches of the bank in Nigeria were included in the study. Hence, the Consolidated Annual Reports of the company for the relevant years were used.

The secondary source serves as the main reservoir of data for this study. First, the Annual Reports and Accounts of United Bank for Africa Plc. for the relevant years provide the study with relevant corporate governance indicators of the bank over the periods as well as the financial information for the relevant years.

For the purpose of analyses, the data on corporate governance mechanisms and performance variables adopted in the study were extracted from the Annual Reports and Accounts of the bank over the relevant periods. The corporate governance indicators adopted are board size, board composition and the number of board committees, while the

performance variables used are Return on Investment (ROI), Profit Margin (PM) and Return on Equity (ROE) over the relevant years. The data collected were analyzed using multiple regression technique.

RESULTS

A multiple linear regression was performed on 5 years data to determine if there is significant relationship between corporate governance variables -board size, board composition, number of board committee and Return on Investment.

Table 1: Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	T	Sig.
1	(Constant)	8.620	2.795		3.084	.200
	BSIZE	.226	.179	.648	1.262	.427
	BCOMP	-13.240	9.830	-.693	-1.347	.407
	BCOMT	-.943	.196	-1.084	-4.820	.130
a. Dependent Variable: ROI						

The slope 0.226 in Table 1 shows that there is a positive relationship between board size and return on investment. However, this relationship is not significant since the P value in Table 1 is 0.427. Also, there is negative relationship between board composition and Return on Investment since the slope is -13.24, though this relationship is not significant given the P value of 0.407. Lastly, there is non-significant negative relationship between number of board committee and Return on Investment given the slope of -.943 and P value of 0.130. The constant is 8.62.

Table 2: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.980[a]	.961	.843	.34507
a. Predictors: (Constant), BCOMT, BSIZE, BCOMP				

The R square value in Table 2 indicates that 96.1% of the variation in Return on Investment can be explained by changes in board size, board composition and number of board committee. Thus, the evolving equation from the result is stated as:

$$Y = 8.62 + 0.226X_1 - 13.24X_2 - 0.943X_3$$

Using the regression results in Table 3, the study reveals that there is non-significant positive relationship between board size and profit margin as the slope is 1.199 and the P value is 0.231.

Table 3

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	T	Sig.
1	(Constant)	87.369	7.080		12.340	.051
	BSIZE	1.199	.454	.333	2.638	.231
	BCOMP	-97.007	24.898	-.492	-3.896	.160
	BCOMT	-9.520	.495	-1.061	-19.216	.033
a. Dependent Variable: PM						

$Y = 87.369 + 1.199X_1 - 97.0074X_2 - 9.52X_3$

Table 4: Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	76.480	61.372		1.246	.431
	BSIZE	.440	3.940	.132	.112	.929
	BCOMP	-68.856	215.824	-.378	-.319	.803
	BCOMT	-7.509	4.294	-.906	-1.749	.331
a. Dependent Variable: ROE						

Table 4 reveals that there is non-significant positive relationship between board size and Return on Equity as the slope and P value are 0.44 and 0.929 respectively. Board composition and ROE are non-significantly negatively related given the slope and P value of -68.856 and 0.803 respectively. The number of board committees and Return on Equity are also non-significantly negatively related and as such, the slope of the equation is -7.509 while the P value is 0.331. The constant is 76.48.

Table 5: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.890[a]	.791	.165	7.57594
a. Predictors: (Constant), BCOMT, BSIZE, BCOMP				

The R square value in Table 5 indicates that changes in board size, board composition and number of board committees account for 79.1% variation in Return on Equity. The remaining 19.9% variation is unexplained. Hence, the evolving equation from the above result is stated below:

$Y = 76.48 + 0.446X_1 - 68.856X_2 - 7.509X_3 + \text{error}$

Combining the results of Tables 1,2,3,4 and 5 reveal that board size is positively related to all the performance measures (Return on Investment, Profit Margin and Return on Equity) adopted in this study. This is consistent with the findings of keyreboah-Coleman and Biekpe (2006). This means that the higher the number of board members, the higher

the performance of the bank.

The independence of board is found to be negatively related to all the performance measures. This is consistent with the result of Fama (1980). This implies that the less the number of independent directors on the board, the higher the performance of the firm. In other words, the higher the number of independent directors on the board, the lower the performance of the firm.

Lastly, the study reveals negative relationships between the number of board committees and all the performance variables. Put differently, the higher the number of board committees, the lower the performance of the firm.

CONCLUSIONS

The cases of corporate failure in various countries of the world including Nigeria have brought the issue of corporate governance to the fore. The problems that lead to corporate failure have resulted from the conflict of interests which is the product of the separation of ownership and control of companies. For these problems to be effectively surmounted, corporate governance principles have to be strictly adhered to.

The study, however, finds that Return on Investment is not significantly related to all the corporate governance variables. Also, there is no significant relationship between Profit Margin and two corporate governance mechanisms i.e., board size and board composition. Further, there is no significant relationship between Return on Equity and all the corporate governance variables. However, there is significant relationship between Profit Margin and number of board committees. Finally, corporate governance accounts for significant variations in all the three performance measures- Return on Investment, Profit Margin and Return on Equity.

Based on the findings of this study, it is strongly recommended that the United Bank for Africa Plc. should make concerted efforts to restructure the number of board committees existing in the firm. Bank managers should also establish optimum board size to accommodate diverse backgrounds and skill mix appropriate to discharge their duties to the firm. Banks should not waste effort in engaging more independent directors on its board but however, endeavour to engage more executive directors who possess cognate experience in the industry on its board.

REFERENCES

1. Akinboade, A. O. and Okeahalam, C. C. (2003). “A Review of Corporate Governance in Africa: Literature, Issues and Challenges,” A Paper Presented at the Global Corporate Governance Forum, June 15.
2. Anderson, R., S. Mansi, and D. Reeb (2004). Board characteristics, accounting report integrity, and the cost of debt. *Journal of Accounting and Economics* 37 (September): 315-342.
3. Asika, N. (1991). “Research Methodology in the Behavioural Sciences”, Longman Nigeria Plc: Ikeja.
4. Baums, T. (1994). “Corporate Governance in Harmony-System and Recent Developments in M. Issakson and R. Skog (Eds.) Aspects of Corporate Governance, Stockholm: Jurist.”
5. Bay singer, B., and H. Butler (1985). Corporate governance and board of directors: Performance effects of changes in board composition. *Journal of Law, Economics and Organization* 1 (Spring): 101-124.
6. Bhagat, S. and B. Black (2002). “The Non-Correlation between Board Independence and Long-term Firm Performance”. *Journal of Corporation Law,* 27: 231–271.

7. Daily, C. M. and Dalton, D. R. (1992). "The Relationship between Governance Structure and Corporate Performance in Entrepreneurial Firms," *Journal of Business Venturing*, 7(5), 375-386.
8. Eisenberg, T., Sundgren, S. and Wells, M. (1998). "Larger Board Size and Decreasing Firm Value in Small Firms", *Journal of Financial Economics*, 48(15), 35- 54.
9. Fosberg, R. 1989. Outside directors and managerial monitoring. *Akron Business and Economic Review* 20 (summer): 24-32.
10. Hermalin, B.E. and Weisbach, M. S. (1991). "The Effects of Board Composition and Direct Incentives on Firm Performance," *Financial Management,* winter: 101–12.
11. John, K. and Senbet, L. W. (1998). "Corporate Governance and Board Effectiveness," *Journal of Banking and Finance,* 22: 371–403.
12. Kajola, S. O. (2008). "Corporate Governance and Firm Performance: The Case of Nigerian Listed Firms," *European Journal of Economics, Finance and Administrative Sciences*, 14.
13. Klapper, L.F. and Love, I. (2002). "Corporate Governance, Investor Protection, and Performance in Emerging Markets". *World Bank Policy Research Working Paper,* 2818.
14. Kyereboah-Coleman, A. and Biekpe, N. (2006a), "Do Boards and CEOs Matter for Bank Performance?" *Financial Management*, 20(4): 101-112.
15. Kyereboah-Coleman, A. and Biekpe, N. (2006b). "The Link between Corporate Governance and Performance of the Non-Traditional Export Sector: Evidence from Ghana," *Corporate Governance*, 6(5): 609-623.
16. Kyereboah-Coleman, A. and Biekpe, N. (2006c). "Corporate Governance and Financing Choice of Firms: A Panel Data Analysis," *South Africa Journal of Economics*, 74(4): 670-681.
17. Kyereboah-Coleman, A. (2007). "Corporate Governance and Firm Performance in Africa: A Dynamic Panel Data Analysis", A Paper Presented at International Conference on Corporate Governance in Emerging Markets Organized by the Global Corporate Governance Forum (GCGF) and Asian Institute of Corporate Governance (AICG), 15-17, November.
18. Lipton, M. and Lorsch, J. W. (1992). "A Modest Proposal for improved corporate governance". *Business Lawyer,* 48(1): 59–77.
19. O'Donovan, G. (2003). "A Board Culture of Corporate Governance", *Corporate Governance International Journal*, 6(3).
20. Ogbechie, C. (2006). "*Corporate Governance: A Challenge for Nigerian Banks".* www.Businessdayonline.com
21. O'Sullivan M. (2000). "The Innovative Enterprise and Corporate Governance", *Cambridge Journal of Economics*, 24 (4): 395-400.
22. Rechner, P. L. and Dalton, D. R. (1991). "CEO Duality and Organisational Performance: A Longitudinal Analysis," *Strategic Management Journal*, 12(2): 155-160.
23. Rosenstein, S and J, Wyatt (1990): "Outside directors: board independence and shareholder wealth", *Journal of*

Financial Economics", Vol 26, pp 175- 191.

24. Sanda, A. U., Mukaila, A. S. and Garba, T. (2005). "Corporate Governance Mechanism and Firm Financial Performance in Nigeria," *AERC Research Paper*, 149.
25. United Bank for Africa Plc. Annual Reports and Accounts, 2006- 2010.
26. Uwuigbe, O. R. (2011). "Corporate Governance and Firm Performance of Banks: A Study of Listed Banks in Nigeria," A Doctoral Thesis submitted to the School of Postgraduate Studies, Covenant University, Ota, Ogun State.
27. Varshney, P., Kaul, V.K., and Vasal, V.K. (2012): Corporate Governance Mechanisms and Firm Performance: A Study of Selected Indian Firms. Retrieved on 8th December, 2012.

    http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2107237
28. Wither ell, W. (2000). Corporate Governance: A Basic Foundation for Global Economy, *OECD Observer*, 221/222: 24-28.
29. Wu, M.C., Lin, H.C., Lin, I.C. (undated): The Effects of Corporate Governance on Firm Performance. Retrieved on 12th January, 2013 http://120.107.180.177/1832/9901/099-2-06p.pdf
30. Zhekai, V. (Undated). "Does Corporate Governance Predict Firm Performance? The Case of Ukraine." Retrieved on 12th January, 2013. http://papers.ssrn.com/sol3/papers.cfm?abstract_id=877913

APPENDIX

Table 6: Corporate Governance Mechanisms

Year / Variable	2006	2007	2008	2009	2010
Board Size	14	18	20	20	19
Board Composition	6/14	9/18	11/20	10/20	10/19
Board Committees	5	4	4	6	6

Source: UBA Annual Reports and Accounts, 2006- 2010

Table 7: Firm Performance Variables

Year / Variable	2006	2007	2008	2009	2010
ROI (%)	1.48	2.06	2.29	0.92	0.15
PM (%)	15.09	21.75	20.41	5.85	1.37
ROE (%)	17.63	14.58	21.66	6.87	1.15

Derived from UBA Annual Reports and Accounts, 2006- 2010

Table 8: ANOVAb

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	2.906	3	.969	8.135	.251[a]
	Residual	.119	1	.119		

	Total	3.025	4			
a. Predictors: (Constant), BCOMT, BSIZE, BCOMP						
b. Dependent Variable: ROI						

Table 9

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	321.398	3	107.133	140.254	.062[a]
	Residual	.764	1	.764		
	Total	**322.162**	**4**			
a. Predictors: (Constant), BCOMT, BSIZE, BCOMP						
b. Dependent Variable: PM						

Table 10: ANOVA[b]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	217.599	3	72.533	1.264	.561[a]
	Residual	57.395	1	57.395		
	Total	274.994	4			
a. Predictors: (Constant), BCOMT, BSIZE, BCOMP						
b. Dependent Variable: ROE						