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CORPORATE GOVERNANCE AND RETURN ON ASSETS OF QUOTED BANKS IN NIGERIA

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ABSTRACT: *This study examined the influence of corporate governance on return on assets of quoted banks in Nigeria. The study used secondary data from 2013 to 2017.Data sourced from selected Annual Report and Accounts of three Quoted banks by the Nigerian Stock Exchange. The study utilised both Descriptive Statistics and Ordinary Least Square-Multiple Regression method with the aid of using E-view 9 to analyse the data. The results shown that, the corporate governance has significant influence on return on assets as (F-statistics = 23.46, P <0.05). The results further indicate that, the proportion of shareholders more than 10,001 share, board of composition size and bank size exerts a positive and considerable relevance to return on assets of quoted banks in Nigeria and bank size has significant influenced on return on assets with (β=2.09, t=3.94, p<0.05). Findings suggest that board of directors size of quoted banks in Nigeria should not be too large and must be meeting regularly to effectively and efficiently carry out their oversight functions and responsibilities*

KEYWORDS: Corporate Governance, Return on Assets, Banks, Nigeria, Multiple Regressions

INTRODUCTION

There have been many banks collapses and financial crises in recent years linked to a lack of effective corporate governance, however, the Nigeria Code of Corporate Governance recommends that corporate governing bodies should be comprised of an appropriate balance of knowledge, diversity, and independence for discharging their duties objectively and more efficiently**.** Therefore, corporate governance is the process and structure used to direct and control the business and affairs of companies for promoting business prosperity and corporate accountability. The ultimate objective is the realization of long-term shareholder value while taking into account the interest of other stakeholders. (Nigerian Code of Corporate Governance, 2018)

Corporate governance is an important concept that relates to the way in which financial, material and human resources available to an organization are judiciously used to achieve the overall corporate objective of an organization. It keeps the organization in business and creates a greater prospect for future opportunities. The overall effect of good corporate governance should be the strengthening of investor’s confidence in the economy of Nigeria. Corporate governance is therefore about building credibility, ensuring transparency and accountability as well maintaining an effective channel of information disclosure that would foster good corporate performance(Onakoya, Ofoegbu & Fasanya 2011)

Corporate Governance generally refers to the process or mechanism by which the affairs of businesses and institutions are directed and managed, with a view to improve long term value

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of shareholders while taking into account the interests of other stakeholder interested in the well-being of an entity (Sanda, Mikailu and Garba, 2005; Central Bank of Nigeria, 2006; Chuku,2009) as cited in (Yauri, Muhammad and Kaoje 2013)

Yauri, et al (2013) opined that the central issue in corporate governance from the perspective of the agency theory is whether managers can be trusted to carry out the function of the firm in the best interest of shareholders. Sanda et al (2005) further explains that, corporate governance is concerned with ways in which all parties interested in the well-being of the firm attempt to ensure that managers and other insiders take measures or adopt mechanism that safeguard the interest of stakeholders.

Given the fury of activities that have affected the efforts of Banks to comply with the various consolidation policies and the antecedents of some operators in the system, there are concerns on the need to strengthen corporate governance in Banks. This will boost public and investors confidence and ensure efficient and effective functioning of the banking system (Soludo, 2004a). Heidi and Marleen (2003) viewed that, the banking supervision cannot function well if sound corporate governance is not in place. Consequently, banking supervisors have strong interest in ensuring that there is effective corporate governance at every banking organization. Mayes, Halme and Aarno (2001) opined that the changes in bank ownership during the 1990s and early 2000s substantially altered governance of the world's banking organization. These changes in the corporate governance of banks raised very important policy research questions. The fundamental question is how do these changes affect bank performance?

Corporate governance is therefore, about building credibility, ensuring transparency and accountability as well as maintaining an effective channel of information disclosure that will foster good corporate performance. Corporate governance is the system of checks and balances, both internal and external to companies, which ensures that companies discharge their accountability to all their stakeholders and act in a socially responsible way in all areas of their business activities (Solomom & Solomon 2004) cited in (Onakoya, et al 2011)

Return on assets is a profitability ratio that provides how much profit a company is able to generate from its assets. It measures how efficient a company's management is in generating earnings from the its economic resources or assets on their statement of financial position (Adepoju 20007).Return of assets is an important indicator of the performance of the bank since it determine the profitability of the banks. It is defined by net income to total asset (Dhar & Bakshi,2013). Therefore, Pitt and Tucker (2008) see organisational performance as a vital sign of the organisation, showing how well activities within a process or the outputs of a process achieve a specific goal". It is also defined as " process of assessing progress towards achieving pre-determined goals, including information on the efficiency by which resources are transformed into goods and services, the quality of these outputs and outcomes, and the effectiveness of organisational objectives" (Amaratunga & Baldry, 2003)

Statement of the Problem

Nigerian Banks are faced with myriad of problems despite the mandatory action of banks consolidation pronounced by CBN in 2005 so as to make banks more effective and strengthen their performance. However, several banks collapses resulting from weak systems of corporate governance and internal control system have highlighted the need to improve and reform corporate governance at an international level. (Onakoya, et al 2011)

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The multifaceted corporate governance problems in the Nigerian banking sector include: weak internal control system and non-compliance with laid down internal control and operational procedure, ignorance of and non-compliance with rules, laws and regulations guiding banking business; passive shareholders, disagreement between board and management giving rise to board squabbles; ineffective board oversight function; fraudulent and self serving practices among members of the board, management and staff; over bearing influence of chairman or MD/CEO; non -challant attitude of owners, poor risk management practices, resulting in large quantity of non-performing loans including insider-related credit; sit tight directors-even where such directors fail to make meaningful contribution to the growth and development of the banks; succumbing to pressure from other stakeholders like shareholders appetite for high dividend and returns and depositors quest for high interest on deposits, technical incompetence, poor leadership and administrative inability, inability to plan and respond to changing business circumstance as at when due and ineffective management information system.(Yauri, et al 2013)

corporate governance was seen manifesting in form of weak internal control system, excessive risk taking, override of internal control measures, absence of or non-adherence to limits of authority, disregard for cannons of prudent lending, absence of risk management processes, insider abuses and fraudulent practices remain a worrisome feature of the banking system (Soludo, 2004b).Several researches have been undertaken in this area and each researcher gave a different view and results**.** Emeka and Alem (2016) studied empirical investigated the effects of corporate governance on bank's financial performance in Nigeria for period of 2004-2013.Other research works focused on the corporate governance and bank's financial performance in Nigeria and /or in other countries include, Dzingai and Fakoya (2017), Nguyen, Nguyen, Nguyen and Tran, (2017), Muhammed (2013) , Akingunola, Adekunle, and Adetipe (2013), Yauri, et al (2013), Onakoya, et al (2011) Uwuigbe (2011), Jiang, Feng and Zhang (2012), Bino and Tomar (2010), Dhar and Bakshi (2013). However, the review of previous empirical literature revealed a lack of established significant influence of corporate governance on return on assets over the period of 2013-2017 that is, five years financial summary in the research findings of past researchers which indicates the existence of a research gap**.** The study therefore seeks to answer the fundamental question; Is there any significant relationship between corporate governance and return on assets of quoted banks in Nigeria?

Objective of the Study

The main objective of this study is to investigate the relationship between corporate governance and return on assets of quoted banks in Nigeria?

Research Hypothesis

$Ho_{1:}$ There is no significant relationship between corporate governance measured as (board members size, board independence size, board of composition size, proportion of shareholders more than 10,001 share, board management meeting and bank size) and Return on Assets

Significance of the study

This study would be of help to expose bank regulators, investors, academics and other relevant stakeholders to understanding the degree to which the banks that are reporting on

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their corporate governance have been compliant with different sections of the codes of best practice and where they are experiencing difficulties. Boards of directors will find the information of value of profitability ratio that provides how much profit a company is able to generate from its assets.This study further provides a picture of where Nigerian banks stand in relation to the codes and principles on corporate governance introduced by the Central Bank of Nigeria. This study would be of benefit as resource base to other researchers interested in carrying out further research to provide new explanation to the topic under investigation

LITERATURE REVIEW

Conceptual Review

Kwakwa and Nzekwu (2003) sees governance as a 'vital ingredient in the balance between the need for order and equality in society; promoting the efficient production and delivery of goods and services; ensuring accountability in the house of power and the protection of human right and freedoms'.

Governance is, therefore, concerned with the processes, systems, practices and procedures that govern institutions, the manner in which these rules and regulations are applied and followed, the relationships created by these rules and nature of the relationships (Akingunola, et al ,2015).

Corporate governance, on the other hand, refers to the manner in which the power of a corporate is exercised in accounting for corporation's total portfolio of assets and resources with the objective of maintaining and increasing shareholders' value and the satisfaction of other stakeholders while attaining the corporate mission (Kwakwa et al, 2003).

In other words, corporate governance refers to the establishment of an appropriate legal, economic and institutional environment that allows companies to thrive as institutions for advancing long-term shareholders' value and maximum human centered development. The corporation has to achieve this while remaining actively conscious of its responsibilities to other stakeholders, the environment and the society at large.

Thus, corporate governance is also concerned with the creation of a balance between economic and social goals on one hand and between individual and communal goals on the other hand. To achieve this, there is the need to encourage efficient use of resources, accountability in the use of power as well as the alignment of the interest of the various stakeholders, such as; individuals, corporations and the society

Corporate governance structure entails the distribution of rights and responsibilities among different participants in the corporation, such as, the board,managers, shareholders and other stakeholders and spells out the rules and procedures for making decisions on corporate affairs and other matters. This provides the structure through which the company objectives are set, and the means of attaining those objectives and monitoring performance. Mathiesen (2002) affirmed that the corporate governance is to investigate how to secure or motivate efficient management of corporations by the use of incentive mechanism, such as contracts, organizational design and legislation. This is often limited to the question of improving financial performance i.e profitability, for example, how the corporate owners can secure or

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motivate so that corporate manager will deliver a competitive rate of return? Pandey (2006) asserts that corporate governance implies that the company would manage its affairs with diligence, transparency, responsibility and accountability and would maximize shareholders wealth.

Akinsulire (2006) corroborated that, corporate governance as a term covers all the general mechanism by which management are led to act in the best interest of the company owners. A perfect system of corporate governance would give management all the right incentives to make value maximizing investment and financing decision and would assure that cash is paid out to investors when the company runs out of viable projects i.e. investment with positive NPV

In general terms, however, corporate governance deals with the way corporate bodies utilize their funds to generate financial wealth for shareholders and social wealth for the community in which they are located (Uwuigbe,2011).It is therefore observed that corporate governance deals with issues of accountability and fiduciary duty, in the main advocating the implementation of policies and mechanisms to ensure good behaviour and protect shareholders.

Corporate Governance and Banks

Corporate governance is a crucial issue for the management of banks, which can be viewed from two dimensions. One is the transparency in the corporate function, thus protecting the investors' interest (reference to agency problem), while the other is concerned with having a sound risk management system in place (special reference to banks) (Uwuigbe,2011)

The Basel Committee on Banking Supervision (1999) states that from a banking industry perspective, corporate governance involves the manner in which the business and affairs of individual institutions are governed by their boards of directors and senior management. This thus affect how banks:

i) set corporate objectives (including generating economic returns to owners);
ii) run the day-to-day operations of the business;
iii) consider the interest of recognized stakeholders;
iv) align corporate activities and behaviours with the expectation that banks will operate in safe and sound manner, and in compliance with applicable laws and regulations; and protect the interests of depositors.

Corporate Governance Mechanisms

One consequence of the separation of ownership from management is that the day-to -day decision-making power (that is, the power to make decision over the use of the capital supplied by the shareholders) rests with individuals rather than the shareholders themselves. The separation of ownership and control has given rise to an agency problem whereby there is the tendency for management to operate the firm in their own interests, rather than those of shareholders' (Uwuigbe, 2011). Corporate Governance Mechanisms determined by outsiders include, institutional holding, outside block holding, takeover activity, while Corporate Governance Mechanisms determined by insiders include, Insider holding, Debt financing,

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outside market for managerial talents, board size that consist of non executive Director, audit committee ,etc

THEORETICAL REVIEW

Several economic and accounting theories have been proposed to run an effective system in an organization; therefore, corporate governance is generally classified under different theories. However, three models of corporate governances were identified in the literature analysis as theories. The models are steward-ship theory, the agency theory and the market theory model (Akintoye 2010).

The stewardship theory: This upholds that, because people can be trusted to act in the public good in general and in the interest of their shareholders in particular, it makes sense to create management and authority structures, because they provide unified command and facilitate autonomous decision making, enable companies to act (and react) quickly and decisively to market opportunities. This approach leads, for instance, to the combination of the roles of chairman and CEO, and for audit committees to be either non-existent or lightweight. Resistance to the modern corporate governance movement to a day tends to be based on this theory.

The agency theory: .This theory sees shareholders as the principals and management as their agents. Agents will, however, act with rational self-interest as employee directors of a company, they will aspire to maximize their monetary compensation, job stability and other perks, and do no more than seek to appease shareholders. They cannot, in other words, be expected to act in the interests of the shareholders. They need, instead, to be monitored and controlled to ensure that the principals' best interest are served. This theory is the basis for most of today's corporate governance activity.

The market theory: This theory upholds that is does not really matter whether managers see themselves as steward or agents, because shareholders will simply sell in the market the stocks and shares of those companies whose directors are not generating adequate returns for their investment. To the extent that this theory was genuinely held, it was fatally undermined by the corporate scandals at the turn of the century: shareholders in Enron (including many of its employees) were unable to sell their shares (many of which were held in pension plans) once it became clear that the company's governance was wholly inadequate.(Akingunola, et al ,2015).

EMPIRICAL REVIEW

Several studies have investigated on the corporate governance and banks performance in Nigeria, and in different part of the world with diverse techniques and opinions. The outcomes of the investigations however, have shown that there are many conflicting empirical findings. For instance, Emeka and Alem, (2016) investigated the effects of Corporate Governance on Bank's Financial Performance in Nigeria, covered years 2004-2013. They discovered that there were effects of relative size of non-executive directors and the board size on return on investment (ROA). They found that the relationship between corporate governance and bank performance in Nigeria is quite significant as a unit change in

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the board size and the relative size of non-executive directors increases the return on assets. Dzingai and Fakoya (2017) assessed the effect of corporate governance structures on firm financial performance in Johannesburg Stock Exchange (JSE).They used panel data analysis of the random effects model to determined the relationship between board independence and board size and the return on equity (ROE) for the period 2010–2015. They found that a weak negative correlation between ROE and board size but positive correlation between ROE and board independence. They further disclosed that there is a positive, but weak, correlation between ROE and sales growth, but a negative and weak relationship between ROE and firm size. They suggested that, effective corporate governance through a small effective board and monitoring by an independent board result in an increased firm financial performance

Kyereboah-Coleman et al (2006) examined how corporate governance indicators such as board size, board composition and CEO duality impact financing decisions of 47 firms listed on the Nairobi Stock Exchange. They found that firms with larger board sizes employ more debt and the independence of a board correlates negatively and significantly with short-term debts.

Uwuigbe (2011) examined Corporate Governance and financial performance of Banks in Nigeria. He measured variables for corporate governance as board size, the proportion of non-executive directors, directors' equity interest and corporate governance disclosure index. Financial performance of the banks measures as return on equity (ROE) and return on asset (ROA). His study revealed that a negative but significant relationship exists between board size, board composition and the financial performance of these banks, while a positive and significant relationship was also noticed between directors' equity interest, level of governance disclosure and performance. Adeusi, Akeke, Aribaba and Adebisi. (2013) studied Corporate Governance and firm financial performance used a sample of 10 selected banks' annual reports covered 2005-2010. They used return on asset, board size, board composition that is, number of executive directors and number of non-executive directors. They discovered that improved performance of the banking sector is not dependent on increasing the number of executive directors and board composition.. They concluded that there is a need for increase in board size and decrease in board composition as measured by the ratio of outside directors to the total number of directors in order to increase the bank performance.

Akingunola, et al (2015) examined the corporate governance and banks' performance in Nigeria. They used earnings, return on equity and return on assets as variables. They employed the ordinary least squares regression method to analyze their data. They revealed that bank deposits mobilized and credits created over this period increased over the years but were more positively related to bank performance during the period of consolidation although not significant. They concluded that, to minimize financial and economic crime in the system, banks must embrace fiduciary duty which includes transparency, honesty and fairness (corporate governance codes) in dealing with all its stakeholders. Ajala, Amuda and Arulogun (2012) wrote on the effects of corporate governance on the performance of Nigerian banking sector with the aim of assessing the impact of corporate governance on firm's performance. They found that a negative but significant relationship exists between board size and the financial performance of the banks while a positive and significant relationship was also observed between directors' equity interest, level of corporate governance disclosure index and performance of the sampled banks.

Jinag, et al (2012) investigated the effects of corporate governance on bank performance in China over the period 1995-2008. They disclosed that bank performance has improved significantly and the mean profit efficiency level is estimated at 61 per cent. They found that, differences in corporate governance have significant impacts on bank performance and banks with majority foreign ownership are most profitable while banks with majority state ownership are most unprofitable. They shown no evidence that foreign minority ownership in domestic banks improves performance and banks with more dispersed ownership are found to be more profit efficient.

METHODOLOGY

This section discusses the methodological issues of the study. Precisely, this deals with source of data collection, model specification, and estimation techniques as well as data description. This study employed secondary source of data. Data obtained from the audited annual report and accounts of top three quoted banks in Nigeria out of 21 isted in Nigerian Stock of Exchange, which is, Zenith Bank plc, Guaranty Trust Bank plc and United Bank for Africa, over the period 2013 – 2017.This period was chosen so as to determine the pattern in which the corporate governance cg has been influence on Return on Assets of banks in Nigeria for five years financial summary. This study used estimated technique of Descriptive statistics, Pearson Product Moment Correlation analysis and Ordinary Least Square- Multiple regression method with the aid of using E- view 9 to analyse the data.

Model Specification

The model of the study established the relationship between the dependent variable of Return on Assets and independent variables of Corporate Governance through the empirical model developed from the work of Asaolu (2004) adopted by Olayiwola (2016). The model specification is as stated below:

$$ROA = f\,(CG) \text{ ----------------------------}.(1)$$

Where;

ROA represents Return on Assets

CG represents Corporate Governance

Equation (1) presents the functional relationship between Return on Assets (ROA) and Corporate Governance measured by board members size (BOS), board independence size (BIS),board of composition size (BCS), proportion of shareholders more than 10,001 share (SMT), board management meeting (BMM) and bank size (BAS).The above equation can be re-specified in an explicit form as shown below;

$$ROA = f(BOS, BIS, BCS, SMT, BMM, BAS, \varepsilon) \text{ ---------------------------------------}(2)$$

$$ROA_t = \beta_0 + \sum_{it=i}^{n} \beta_1 BOS_t + \beta_2 BIS_t + \beta_3 BCS_t + \beta_4 SMT_t + \beta_5 BMM_t + \beta_6 BAS_t + \varepsilon \text{ ----------}(3)$$

Where;

ROA = Return on Assets

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CG= is a vector of corporate governance variables which include board members size (BOS), board independence size (BIS),board of composition size (BCS), proportion of shareholders more than 10,001 share (SMT), board management meeting (BMM) and bank size(BAS) represent natural Logarithm of total assets of each bank , β_0 = Constant Parameter, β_1 – β_6 = Coefficient of explanatory variables , $\sum$ = Summation, *e* = Error Term , i = Cross section , t = Time series

A *priori* Expectations: $\beta_{1 \text{ to }} \beta_6$ +/-

EMPIRICAL RESULTS AND DISCUSSION

Table 1: Descriptive Statistics of the model

	ROA	BOS	BIS	BCS	SMT	BMM	BAS
Mean	3.807333	12.20000	2.800000	6.600000	23.48267	4.933333	2.764667
Median	3.670000	12.00000	3.000000	7.000000	24.58000	4.000000	2.440000
Maximum	6.590000	16.00000	4.000000	8.000000	30.10000	7.000000	3.480000
Minimum	1.670000	9.000000	2.000000	6.000000	16.03000	4.000000	2.330000
Std. Dev.	1.527891	2.274078	0.774597	0.632456	5.456381	1.162919	0.508469
Skewness	0.231520	0.461711	0.343622	0.490990	-0.334918	0.695354	0.625696
Kurtosis	1.954384	1.948338	1.846939	2.357143	1.506356	1.943216	1.478582
Jarque-Bera	0.817325	1.224189	1.126158	0.860969	1.674783	1.906788	2.425434
Probability	0.664539	0.542214	0.569453	0.650194	0.432838	0.385431	0.297388
Sum	57.11000	183.0000	42.00000	99.00000	352.2400	74.00000	41.47000
Sum Sq. Dev.	32.68229	72.40000	8.400000	5.600000	416.8093	18.93333	3.619573
Obs	15	15	15	15	15	15	15

Source: Authors' computation Using E-view 9

Table 1 provides the summary of descriptive statistics of ROA, BOS, BIS, SMT, BMM and BAS for the study. Given the scope of the study (2013-2017) and the frequency of the annual data, all the variables have 15 observations. As shown in Table 1, the sum, range, mean, maximum and minimum, standard deviation and variance as well as the skewness and kurtosis of our variables of interest are evident. The various statistics indicate that, the variables have different distributions. The skewness and kurtosis statistics provide useful information about the symmetry of the probability distribution of various data series as well as the thickness of the tails of these distributions respectively. These two statistics are particularly of great importance since they are used in the computation of Jarque-Bera statistic, which is used in testing for the normality or asymptotic property of a particular series. All of the variables in the study are positively skewed showing that they have a long right tail and SMT which is negatively skewed indicates a long left tail. Kurtosis statistics of the all variables are less than 3 implying the extent of flatness of the distribution of the data series relative to normal

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Correlation Analysis

Table 2: Pearson's Correlation Matrix

	ROA	BOS	BIS	BCS	SMT	BMM	BAS
ROA	1.000000						
BOS	-0.583674	1.000000					
BIS	-0.139296	-0.300070	1.000000				
BCS	0.412758	-0.735019	0.554051	1.000000			
SMT	-0.284168	0.878461	-0.550304	-0.800491	1.000000		
BMM	-0.782005	0.815688	-0.174449	-0.621545	0.691315	1.000000	
BAS	0.850069	-0.163947	-0.398258	-0.000444	0.184985	-0.468130	1.000000

Source: Authors computation Using E-view 9

From result table 2, the independent variables of board members size (BOS), board independence size (BIS), proportion of shareholders more than 10,001 share (SMT) and board management meeting (BMM) were negative correlated while board of composition size (BCS) and bank size(BAS) were positive correlated hence multi-colinearity in the result with the dependent variable (ROA) constant with 1.The interpretation was that the level of multi-colinearity between the independent variable was not very high which meant that the influence of each variable in the regression equation could be isolated easily.

Table 3: Pooled OLS Regression Result

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-1.863917	3.248096	-0.573849	0.5818
BOS	-0.157389	0.168857	-0.932080	0.3786
BIS	-0.078174	0.232648	-0.336017	0.7455
BCS	0.447293	0.365895	1.222464	0.2563
SMT	0.015420	0.094576	0.163046	0.8745
BMM	-0.257406	0.276028	-0.932536	0.3783
BAS	2.085569	0.528816	3.943850	0.0043
R-squared	0.946231			
Adjusted R-squared	0.905905			
S.E. of regression	0.468679			
Sum squared resid	1.757284			
F-statistic	23.46425			
Prob(F-statistic)	0.000115			
Durbin-Watson stat	1.525160			

Source: Authors' computation Using E-view 9

Table 3 presents summary of the estimated regression model:

ROA= -1.86 -1.60BOS-0.08BIC+ 0.45BCS+ 0.02SMT- 0.26BMM+ 2.09BAS

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From the table 3 , it was observed that, the coefficient of determination for the regression as depicted by the R^2 value of 0.91 suggests that about 91 percent of the systematic variation of the dependent variable is accounted for by the explanatory variable. The remaining 9 percent is caused by variable that are not included in the model which is accounted for by the stochastic error term. The F-statistics of 23.46 shows that the model of the study is well fitted; this can be confirmed by the significant value of 0.0001 which shows that null hypothesis is rejected. This implies that corporate governance has significant influence on return on assets. There are positive impact of some variables of proportion of shareholders more than 10,001 share (SMT), board of composition size (BCS) and bank size(BAS) on Return on Assets, while board members size, (BOS) board independence size (BIS), and board management meeting (BMM) have negative influence on Return on assets . However, it was only (BAS) that has significant influence on ROA at 5% significance level. These findings concur with those of Dhar and Bakshi (2013) who found that independence directors have negative effect on ROA of listed banks in Indian. Nguyen, et al (2017) disclosed that firm size affects positively firm performance while number of employees has a negative impact on profitability.

The Durbin Watson statistics of 1.53 which fall within the value of 1.5 to 3.5 shows absence of serial correlation in the model

CONCLUSION AND RECOMMENDATIONS

This study verified whether Return on Assets of quoted banks in Nigeria can be influenced by banks' corporate governance. The novelty of the research analysis comes from the regression of components of corporate governance disclosure based on the analysis of annual audited report and account of Zenith Bank plc, Guaranty Trust Bank plc and United Bank for Africa plc over a period of 2013-2017. The work analyzed the descriptive statistics and used panel data econometrical approaches to verify whether corporate governance disclosures could influence Return on Assets. Findings revealed that the proportion of shareholders more than 10,001 share, board of composition size and bank size exert a positive and considerable relevance to return on assets of quoted banks in Nigeria.

It was therefore recommended that, the board of directors size of quoted banks in Nigeria should not be too large and should be meeting regularly to effectively and efficiently carry out their oversight functions and responsibilities.

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