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IMPACT OF OWNERSHIP AND INTERACTION OF BOARD STRUCTURE ON FINANCIAL PERFORMANCE OF COMMERCIAL BANKS IN NIGERIA

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Abstract

The financial performance of commercial banks worldwide has been a significant source of worry among researchers, professionals and other stakeholders due to the significant role commercial banks play in the peoples wellbeing and economy activity. Despite commercial bank reforms, they remain at a low level of financial performance, poor financial management and decline in financial performance indicators due to biased ownership structure among commercial banks in Nigeria, the main objective of the study is to examine the effect of ownership of board structure on the financial performance of selected commercial banks in Nigeria while the specific objectives are to, (i) Investigate the effect of board size and board independence interaction on earnings per share (EPS) of commercial banks. (ii) To evaluate the effect of ownership structure audit committee size and board size on earnings per share (EPS) of commercial banks in Nigeria (iii) To access the effect of ownership structure of director's ownership and foreign ownership on earnings per share (EPS) of commercial banks in Nigeria. The study employed an export facto research design using purpose and convenient sampling technique and survey data were sourced from the selected commercial banks in Nigeria for the period of 2011-2021. The study fared that board size and board independence has portion and insignificant effect on the performance of commercial banks in Nigeria and interaction of directors holding and foreign holding has a positive but insignificant effect on financial performance. The study concluded that ownership structure of board size and board independence do not affect earnings per share of commercial banks in Nigeria while the second objective concluded that interaction of directors' ownership and foreign ownership does not affect EPS of commercial banks in Nigeria.

Keywords: Earnings per share, Board structure composition, Foreign ownership, Directors ownership.

1.0 Introduction

At the start of the previous decade, a demand for governance emerged, leading to the concept's development. From 2001 through 2008, there were severe financial market crises that affected the entire world. This crisis and the collapse of the international financial markets were not caused by a lack of a governance system, but rather by a lack of ethical behavior, a failure to follow rules, a lack of transparency and clarity in shareholder transactions, and an inability to reach an amicable agreement between stakeholders who had divergent interests (Karkowska & Acedanski, as cited in Othman, 2020). A number of accounting discrepancies were reportedly discovered in the Nigerian banking sector soon after the global financial crisis in 2009. Members of the Board of Directors identified specific banks where there was a lack of rigorous supervision (Bayero & Kofar-Mata, 2019).

Corporate governance is the task management practiced by corporate entities to increase shareholder profit while maintaining the reasonable expectations of other interest groups, fostering the sustainability of the company. The idea behind this is to address the agency issue in several companies (Oyarzun, as cited in Okoye et al., 2020). It is intended to prevent corporate abuse brought on by conflicts of interest, in which management, acting as the organization's representative, uses resources to further personal interests rather than those of stakeholders (principals). The rise in the wave of globalization, the need for more thorough financial reporting, and the rise in company failures all play a role in corporate governance. The corporate governance legislation mandates that executive management be kept separate from the board of directors, as well as those effective and independent internal controls and audits of the executive management be present within the organizational structure. to greater scrutiny, oversight, integrity, transparency and fairness by the organization’s department (Zidan, as cited in Othman, 2020). Research studies have shown that organizations with good corporate governance have improved financial performance and increased value (Manning, 2019). Corporate governance includes factors involving values, guidelines, and policies that impact the management and structure of organizations (Crifo et al., as cited in Williams, 2022). Despite these guidelines, organizations still have challenges of separation of ownership and control that may cause weaknesses in their corporate governance systems (Jensen & Meckling, 1976).

1.2 Statement of the problem

Every economy depends on the banking sector, so it is crucial for both individuals and businesses that the sector is stable and viable. From the point of almost collapsing in 1997, banks have developed over the last two decades. Additionally, in 2009, the number of bank bailouts decreased from 89 in 2004 to 22. The internal control procedures used in banking operations were found to be weak, according to academics. The Nigerian banking sector is noted to be fraud-prone, conduct- and reputational risk is high, which borders on the ethical stance of the banks and the quality of its business processes and adversely affects performance. Empirical evidence posits that there is a direct relationship between corporate and financial performance and financial performance of firm is being improved by corporate governance. (Klapper & Love; Eissa et al.; Gompers et al.,; Fama & Jensen, Durga,as cited in Worlu & Korolo, 2022). Fraudulent financial reporting, particularly in the Nigerian banking sector, has reportedly contributed to the high rate of business bankruptcies in recent years, according to Mbobo and Nweze (2015). AfribankPlc, Oceanic Bank Plc, and Intercontinental Bank Plc, among others, all failed, leaving behind terrible repercussions and hardships for both stockholders and bank depositors (Ugbomma, Wilcox & Adesina, 2020).

Eni-Egwu, Madukwe and Ezeilo (2022) found that board compositions exert a mixed effect on financial performance, likewise Awotundun (2021) also found a negative relationship between board structure and financial performance of deposit money banks. El-Chaarani, Abraham, and Yahya (2022) argued that corporate governance mechanism exerts a positive and significant influence on financial performance of commercial banks. As a result of absence of consensus among these studies, this study aims to examine the effect of interaction of board structure and ownership structure on the financial performance of deposit money banks in Nigeria.

1.3 Research questions

i. To what extent does the interaction of board size affect EPS of commercial banks in Nigeria?

ii. In what way does interaction of audit committee size influence EPS of commercial banks in Nigeria?

iii. What is the effect of interaction of director's ownership on EPS of commercial banks in Nigeria?

1.4 Research objectives

The main objective of this study is to investigate the effect of interaction of board structure and ownership structure on the financial performance of commercial banks in Nigeria. While the specific objectives are to:

i. Determine the effect of the interaction of board size on earnings per share (EPS) of commercial banks

ii. To evaluate the effect of the interaction of audit committee size on earnings per share (EPS) of commercial banks in Nigeria

iii. To assess the effect of the interaction of director's ownership on earnings per share (EPS) of commercial banks in Nigeria.

1.5 Research hypotheses

The following research hypotheses have been developed in accordance with the research objectives and research questions:

$H_0$1: Interaction of board size has no significant effect on EPS of commercial banks in Nigeria.

$H_0$2: Interaction of audit committee size has no significant effect on EPS of commercial money banks in Nigeria.

$H_0$3: Interaction of director's ownership has no significant effect on EPS of commercial money banks in Nigeria.

1.6 Significance of the study

The study has the following contributions following its objectives:

General Public: The findings of this research is of great importance to the general public who have stake in the financial institutions. The result can be used in giving judgements with regards to the performance of these institutions.

Government: the result of this study will help the government in the formulation of their policies and also enable them to make better strategic planning.

Researchers: Findings of this study will contribute to existing knowledge on the effect of corporate governance on financial institutions. This will go a long way in building educational knowledge on dynamic issues. This study also allows further research on deposit money banks issues, while suggesting ways to deal with the challenges affecting the DMBs.

1.7 Definition of terms

i. Board independence: It is the proportion of independent non-executive directors on the board. That is the members of the board of the directors that do not have relationship with the organization except as directors.

ii. Board size: This refers to the total number of directors on the board of a firm which is inclusive of the CEO and chairman for each accounting year. This also include outside directors, executive directors and non-executive directors.

iii. Audit committee: It is a committee of an organization's board of directors which is responsible for oversight of the financial reporting process, selection of the independent auditor, and receipt of audit results both internal and external.

iv. Ownership structure: It is the manner in which individuals or organizations own shares in a corporation.

v. Director's ownership: Managerial ownership is measured as the percentage of equity shares owned by directors' and their immediate families at the accounting year end.

vi. Foreign ownership: It means when more than 50% of a firm's shares is owned by someone who is not a citizen of the country.

vii. Financial performance: It is a subjective measure of how well affirm can use assets from its primary mode of business and generate revenues. It is a measure of a firm's overall financial health over a given period.

viii. Earnings per share: It is an important financial measure which indicate the profitability of a company. It is calculated by dividing company's net income with the total number of outstanding shares.

ix. Dividend per share: It is the total number of dividends attributed to each individual share outstanding of a company.

x. Deposit money banks: this is a financial institution licensed by the regulatory authority to mobilize deposits from the surplus unit and channel the funds through loans to the deficit unit and perform other financial services activities.

2.0 Literature review

This section entails the conceptual review, Empirical review and Theoretical review

2.1 Conceptual review

2.1.1 Board structure

The board structure includes both executive and non-executive directors, foreign directors, women directors, board skills and experience, occupational expertise, board age and board size. Board inside directors are executive directors while outside directors are non-executive directors. Inside directors for personal reasons may engage risks that are absent for genuine growth opportunities. Directors may take decisions which benefit self-interest. Board diversity includes women and individuals of different races, ethnicities and other minority characteristics broaden a firm’s resources. Board diversity brings a bundle of knowledge, experience, ideas and professional contacts, which are used to solve business problems. Board occupational expertise deals with the background, education and experience of board members. Occupational expertise influences the board members in understanding complicated business transactions and gives better decision making. Differences among firms’ directors are viewed in terms of their education, background, experience and expertise. Board age is average age of the board members. Average older corporate boards have accumulative experience which might be related with securer sturdier corporate performance. Given modern education younger boards normally have higher and technical knowledge. Younger directors are normally destined to change given dynamics in business environment. They are receptive to adventurous and risk taking a situation which is widely accepted to achieve business developments. Board size is the number of directors instituting the board and it may reflect the complexity of a firm’s environment which is inherently challenging; influences board’s cohesiveness and ability to oversee corporate governance. Complexities and challenges in a company environment normally defines the board size as these further influences board’s cohesiveness and capability to supervise corporate governance.

2.1.2 Corporate governance

Corporate governance is the process of creating a suitable legal, economic, and institutional framework that enables businesses to flourish as institutions for maximizing human-centered development and long-term shareholder value. Corporate governance, according to the Central Bank of Nigeria's (CBN, 2014) code of corporate governance for banks and other financial institutions in Nigeria, is the process through which a firm or institution's operations are directed and controlled. Maintaining positive connections with management, boards, shareholders, and other stakeholders, such as employees and the community, is a key component of corporate governance. Corporate governance is a framework for managing an organization through rules, policies, the delegating of duties and rights, and the promotion of accountability, justice, and openness (Akhigbemidu, Nwuche, & Akhigbe, 2021) Establishing structures and controls to manage an organization's affairs is necessary for the achievement of its goals. The board has the authority to manage and steer the organization's affairs. corporate governance has been analyzed and described in a variety of ways by academics and professionals.

There is more agreement in the definition because they have all led to the same destination. According to Agu, Onyekwelu, and Chukwuani (2020) Corporate governance is the process of creating a suitable legal, economic, and institutional framework that enables businesses to flourish as institutions for maximizing human-centered development and long-term shareholder value. A crucial component of sustainable growth and development, effective corporate governance systems promote the going concern premise of business. Enterprises that are handled profitably benefit all of its stakeholders, including creditors, host communities, suppliers, shareholders, workers, customers, and the government because their needs are well-served when businesses produce enough cash flows (Okoye, Olokoyo, Okoh, Ezeji, & Uzohue, 2020).

Corporate governance is described in the 1999 Malaysian High-Level Finance Committee Report (MHLFCR) as "the process and structure used to direct and manage the business and affairs of the company towards enhancing business prosperity and corporate accountability with the ultimate objective of realizing long-term shareholder value while taking into account the interests of the other stakeholders. In the glossary of its 2014 document "Corporate Governance Principles for Banks," the Basel Committee on Banking Supervision (BCBS) defined "corporate governance" for banks as the "set of relationships between a company's management, its board, its shareholders, and other stakeholders that provides the structure through which the company's objectives are set, the means of attaining those objectives, and the means of monitoring performance." It clarifies how authority is distributed and how business choices are made. Corporate governance is one of the most important elements that affects an organization's overall health and resilience to economic shocks (Abdullahi & Kuwata, 2017). According to standard corporate governance, it was up to the shareholders to choose or select a capable and efficient board of directors. The board's responsibility is to provide direction and strategic supervision, while management is responsible for managing the company's operations with the aim of maximizing shareholder value (Ajose, Ogundare, & Adedipe,2020).

2.1.3 Board size

Board size is the total number of directors who serve on the board within a given fiscal year. There are no restrictions on how many directors a corporation can have, and there is no recommended number of directors per board (Bijalwan & Madan, 2013). It is acknowledged that the size of the board is one of the distinctive characteristics of board dynamics with a significant yet strategic impact on the board independence as well as the general effectiveness of corporate governance (Guest, 2009). Particularly from a resource dependence viewpoint, which places more importance on the board's capacity to coax scarce and restricted resources from diverse external sources, the size of the board is crucial for attaining the efficacy of the board and enhanced company performance (Kiel and Nicholson, 2005). Board size has an impact on the effectiveness of member discussion and the board's capacity to make the best business choices. However, identifying the appropriate board size has been a contentious and ongoing discussion in corporate governance literature

(Agu, Onyekwelu, Uche, & Chukwuani, 2020). Larger boards are thought to operate as a more effective check of top management since it is generally assumed that board size has an impact on the monitoring strength (Abdullah, 2004). However, it is evident that larger boards have a disadvantage due to increased maintenance costs, as well as challenges with planning, coordinating work, making decisions, and organizing frequent meetings due to the huge number of members. On the other hand, smaller boards can improve decision-making procedures and prevent free-riding by individual directors. One of the early proponents of board size, Lipton and Lorch (1992), proposed a minimum of seven and a maximum of nine board members. Shaw (1981) indicated a board size of five, which was backed by some later empirical findings, in contrast to Jensen (1993), who suggested an ideal size of eight. Choosing the right board size is crucial since, beyond a certain point, it can be harmful to the efficacy of the board (Agu, Onyekwelu, Uche, & Chukwuani, 2020). According to Solomon (2010), the majority of corporate governance assessment systems consider board size as a significant issue that affects a company's value (performance). A smaller board size is typically thought to increase the value of the company because the advantages of increased monitoring by larger boards are outweighed by the worse communication and decision-making skills of larger groups, making it the preferred option to limit size of the board in order to achieve a more effective board (Rouf, 2012).

2.1.4 Ownership structure

The distribution of ownership among an entity's owners is known as its ownership structure (shareholders). The allocation of equity among an entity's owners in terms of votes and capital, which includes financial and non-financial entities, individuals, and directors, is simply stated as ownership (Ali et al.,2022). According to Ezeoha and Okafor as cited in Ali et al. (2022), institutional ownership refers to shares held by organizations other than financial institutions while management ownership refers to the percentage of shares claimed by managers. Additionally, the percentage of shares owned by the government is referred to as state ownership, the percentage of shares owned by foreign investors is referred to as foreign ownership, the percentage of shares owned by spouses or other family members is referred to as family ownership, and so on. According to Bansal as cited in Fasua (2020), shareholders and investors committees typically include people, groups, and organizations with a wide range of abilities, interests, and objectives. The choice of directors, the enhancement of the company's internal position, the approval of extraordinary transactions, the improvement of the company's internal records, and the appointment of auditors are all key decisions that shareholders have the right and authority to make. This study measures the composition of ownership with foreign ownership and director’s ownership.

2.1.6 Foreign ownership

Foreign ownership are investors who come to invest in the economy of another country for a positive return on their investment and would therefore ensure effective monitoring of management to avoid any managerial expropriation. Foreign ownership is expected to improve the corporate governance practices and performance of the firm. According to Stulz (1999), foreign institutional investors bring about lower agency cost. These investors might be coming from countries where best practices that uphold the tenets of good corporate governance practices and would like to emulate same at where they invest.

In many developing countries there are limited sources of domestic finance for investment (Leuz et al., 2010), which has prompted economic liberalization of stock markets in many emerging countries, enabling investment in domestic equity securities by foreign investors (Bekaert et al., 2007). This has resulted in large increase in investment in emerging markets since the mid-1990s. As confirmed by previous literature, foreign investors are inherently at a disadvantage compared to domestic investors due to their lack of knowledge and expertise in the local financial and legislative environment (Cooper & Kaplanis, 1991; Dvorak, 2005; Stulz, 2005). This leads to the home bias of investors, whereby they typically prefer to invest in their native countries despite the globalization of financial markets (Chan et al., 2005; Dahlquist and Robertsson ,2001; French and Poterba, 1991; Lew.

2.1.8 Audit committee

It is the responsibility of the audit committee, which has been constituted and reports to the board of directors, to monitor and manage reporting, including the use of internal controls and generally accepted accounting standards (Ilyas, 2021). The Independent Audit Committee works to protect shareholders' interests.

The board of directors’ supervision duties for risk management, financial reporting, control, and effective governance are carried out in part with the assistance of the audit committee (International Finance Corporation, 2018). According to Al-Mamun et al. (2014), a strong audit committee is judged by the financial knowledge and independence of its members, whereas excellent accounting practice involves minimizing earnings management techniques or the lack of fraud in financial reporting and presentation. The audit committee's supervisory findings might be utilized as feedback for the management of the business to enhance operations. The market may respond favorably to an improvement in operational performance, increasing the firm's value. In a bank, the audit committee's job is to enhance the accuracy, accountability, and openness of financial reporting, which ultimately helps banks perform financially better (Bhattrai,2017). Audit Committee evaluates the financial disclosure and reporting process, enhances the accuracy and objectivity of financial statements, oversees the nomination of external auditors and monitors auditor independence, and, in the end, assures compliance with laws, rules, and ethical standards. Commercial banks' performance is influenced by the Audit Committee's independence (Hossain,2022).

2.2 Theoretical review

In business management research, several theories have been created and given higher priority, which has benefited in the improvement of financial performance. They aid in the creation of concepts and eventually offer fresh information that improve a particular line of research. Resource dependency theory, stakeholder theory, and agency theory were all investigated in this study.

2.2.1 Agency theory

Jensen and Meckling (1976), presented this theory. They stated that businesses might be seen as a hub for a collection of interactions where people are contracting with one another. From the views of multiple contracts between various parties, the theory describes how a firm behaves. A company's owners are considered its shareholders since they take the risks necessary for the company to operate. Investors who have confidence in the managers of the companies give them money because they think they can use it wisely and profitably for the companies. The contracts that the managers sign describe the duties they must do as well as how profits will be divided between them and investors. The contracts that managers sign is challenging to implement since it is exceedingly challenging to specify and foresee potential future contingencies (Shleifer & Vishny, 1997). As a result, managers are given the authority to make decisions that are not covered by their contracts. It is in everyone's inclination to make choices that best serve their own interests, and managers are no exception. They will make choices that benefit themselves and show little consideration for the interests of shareholders. This results in the agency issue and the principal's issue (Ross, 1973). According to the agency hypothesis, shareholders are the principals and managers are the agents. The idea contends that if suitable incentives or monitoring are insufficient to prevent business managers from using their discretion to maximize their own profits, the value of a firm cannot be maximized. Monitoring expenses, bonding expenses, and residual losses are included in agency costs (Jensen & Meckling, 1976). The expenses incurred by shareholders to investigate on managers' behavior are known as monitoring costs. Bonding costs are monetary or non-monetary expenses incurred when procedures or structures are put in place to make sure that managers behave in the best interests of the shareholders or to recompense them if they do not (Jensen & Meckling, 1976). Despite (i.e. as a result of the failure of monitoring and bonding operations, residual losses arise from the mismatch of acts promoting the self-interest of the principal and the agent. According to Fama and Jensen (1983), residual loss is really the amount of profit lost as a result of the contract's complete enforcement costs being greater than its advantages. overcoming the differing preferences for company activity and varied attitudes toward risk exposure, the interests of principals and agents must be balanced. It is difficult and expensive for the principle to monitor the agent's behavior due to information asymmetry, which holds that the principal and agent hold differing amounts of information (typically the agent has access to more information than the principal).

2.2.2 Resource dependency theory

Pfeffer and Salancik (1978) devised the resource dependence theory to explain how organizations' behavior is affected by the external resources they possess. They propose that firms change, as well as negotiate with, their external environment in order to secure access to the resources which they need to survive. This means that a firm's competitiveness is determined by the way they deal with their external resources. Van Weele (2018) believes that this is, in fact, more important than their internal resources. As procuring external resources is important for the strategic and tactical management of any company, resource dependence theory has several important implications. These relate to: the optimal organizational structure, recruitment of board members and employees, production strategies, contract structure, external organizational links, and other aspects of organizational strategy.

The resource-based view of the firm is concerned with the management of a firm's internal resources and capabilities, which may satisfy external stakeholders of the firm. In the resource dependence theory, however, the firm's dependence on other external parties, such as suppliers, is central. The theory contends that directors bring resources to the firm in the form of skills, information, access to key constituents such as buyers, suppliers, public policy makers as well as legitimacy. The board of directors of the company are crucial for capturing a critical element of environmental uncertainty in the organization. These directors are also accountable for ensuring that they maximize the provision of crucial resources to the company. Each director should introduce various linkages and resources to the corporate board in a unique way (Clark, 2004).

Firms depend on each other for business because they form the largest proportion of the firm's customer base.

2.2.3 Stakeholders' theory

The stakeholder theory was propounded by Friedman (1984) with the underlying objective of bridging this gap and addressing the criticism leveled against the agency theory. Hence, Friedman postulates an inclusive corporate governance of the various stakeholders in the organization. Donaldson and Preston (1995) described stakeholders as recognized organizations or individuals who have an inherent value interest in a company. No interest should be able to outweigh another in the theory's concern in how managerial decisions affect all stakeholders (Donaldson and Preston, 1995). The aim of stakeholder theory is to find what are the best interests based on different stakeholder groups. Stakeholder theory promotes a practical, efficient, effective, and ethical way to manage organizations in a highly complex and turbulent environment. It means Stakeholder theory plays an important role in corporate governance and can serve the company to balance various groups' benefits. There are three key features of stakeholder theory. Firstly, managers are supposed to recognize and monitor all legitimate stakeholders, when making a decision and operating they should first consider the interests of all stakeholders. Secondly, managers should avoid potential conflicts between different groups and address problems through open communication and dialogue. Thirdly, managers need to maintain Friendly Corporation with other entities, both public and private, to avoid risks from an unstable environment. These principles illustrate the role stakeholders play in a company and how to apply stakeholder theory in practice.

2.3 Empirical review

From an empirical standpoint, academic research into the effects of corporate governance has produced a range of results, and a consensus has not yet been achieved.

Okoye, Olokoyo, Okoh, Ezeji, and Uzohue (2020) evaluated the effects of corporate governance on the financial performance of commercial banks in Nigeria using generalized method of moments estimation technique. Their findings revealed that board size, directors' equity and firm size substantially affect Nigerian banks' financial performance. Their study asserted that governance in business entities strongly affects their financial performance. In Kenya, Ncurai, Oloko, and Rambo (2022) carried out a study on the influence of corporate governance on performance of Deposit taking Saccos in Kenya using licensed deposit taking Saccos Data was analyzed using descriptive statistics, Pearson's correlation, hypotheses testing and regression analysis. Findings suggested that the overall correlation coefficient for influence of Corporate Governance on performance of deposit taking SACCOs in Kenya was not significant the study concluded that corporate governance may not ensure the desired performance.

The study utilized panel data method of analysis and the findings revealed that board size and board independence have significant negative relationship with dividend policy while political factor is negative and significant, financial crisis is negative and insignificant. Also, earning per share is insignificant. Lee-Anne and Gusti-Agung (2022) investigated the rank of board characteristics that affect bank performance using 2 dependent variables ROA and PER. Size of the board of directors, gender diversity of the board and board independence were the dependent variable. The study employed ANN method of analysis. Findings revealed that the most important board characteristics affecting performance of bank is board independence, followed by board of director size and gender diversity of the board.

Adissu and Mahesh (2020) investigated the impact of board composition on financial performance of commercial banks in Ethiopia. Primary data was employed for the independent variable which is board compassion while secondary data was employed for the dependent variables which are ROA, ROE AND NIM. Descriptive and econometric method was employed to analyze the collected data. Result showed that there is a linear relationship between board composition and commercial bank financial performance. Also, there is a positive and statistically significant relationship between board composition and ROA. There is a negative and statistically insignificant relationship between board composition and ROE and board composition has a negative and statistically significant correlation with NIM. Akinsokeji, Ogunleye and Akindele (2022) investigated the impact of board structure on firm performance in the manufacturing sector using primary data. Qualitative response modelling techniques were adopted for the empirical analysis. Disclosure, board functioning and independence, shareholder's fund, conflict of interest all represented the independent variable. The result revealed that disclosure in the firm, board functioning and independence as well as conflict of interest are significant while shareholders' fund is insignificant. disclosure policy and measures aimed at guaranteeing board independence are very strong performance enhancing factors, conflict of interest among board members was found to exert significant negative impact on the performance of the firms of study.

Eni-Egwu, Madukwe, and Ezeilo (2022) conducted a study on the impact of selected corporate governance variables on the financial performance of selected quoted commercial banks in Nigeria. They explored the relationship between board size, board composition, audit committee independence, gender diversity and financial performance represented by ROA and ROE. They employed data of 10 deposit money banks from the period of 2010-2019. Their findings indicated that board size and audit committee independence are negatively related with financial performance. Gender diversity showed positive relationship while board composition demonstrated mixed relationship. Egiyi (2022) investigated the relationship between corporate governance and firm performance in Nigeria publicly traded enterprises employing ex post facto research design, 20 manufacturing listed companies was sampled using data spanning through 2010 to 2020. He employed system generalized method of moment (GMM). Profit margin and return on asset were used to measure firm performance. Result revealed that board size, audit committee size and audit quality have a negative and significant impact on the company's profitability.

Benvolio and Ironkwe (2022) examined the relationship between board composition and financial performance of quoted commercial banks in Nigeria Ordinary least square regression analysis, descriptive statistics, Hausman specification test, likelihood ratio test, panel stationarity test, Lagranger multiplier test, lag length selection criterion, and panel auto-regressive distribution lag brand test was used in analyzing the data. Result found thatboard composition significantly relates to firm performance, explaining about 85.1% of the total variation of firm market value. The study concluded that board composition contributes significantly to firm performance.

Modibbo and Tijjani (2020) investigated the effect of corporate ownership structure on investors' confidence of listed deposit money banks in Nigeria. They adopted correlational research design using panel data Descriptive statistics was employed and pearson's correlation technique was used. The fixed effect regression revealed that institutional investors have a positive and significant relationship with investor's confidence. Result also showed that insider and block ownership have a negative and statistically significant relationship with investor's confidence, foreign ownership has no significant relationship and did not play any role in influencing investor's confidence of listed deposit money banks in Nigeria. Bayero (2019) examined the effects of corporate financing, corporate governance, ownership structure and macroeconomic factors on financial performance of listed commercial banks in Nigeria. Using descriptive research designs panel data was analyzed using pooled OLS, fixed effects, random effects as well as panel corrected standard errors (PCSEs) techniques of regression analysis. The findings from the study showed that debt financing, board diversity, ownership concentration, institutional ownership, GDP, exchange rate, inflation rate, firm age, firm size, liquidity and bank management efficiency all have significant effect on bank financial performance in Nigeria. While the remaining explanatory variables (board size, board independence, board financial expertise, interest rate and managerial ownership) did not show any significant relationship with bank financial performance at all conventional level of significance. In addition, ownership concentration was found to have a significant positive effect on financial performance while inflation and interest rates as well as board diversity all have significant negative effect on financial performance.

Ogunmakin, Fajuyagbe, and Alayo (2020) examined the effects of corporate governance on financial performance of selected deposit money banks in Nigeria using 10 deposit money banks listed on the Nigerian stock market. They employed descriptive and inferential method. They also employed pooled OLS estimation, fixed effect estimation, random effect estimation and post estimation test. Result revealed that board size exerts a negative and significant effect on the performance of deposit money banks in Nigeria. Also gender diversity exerts a positive and insignificant effect on financial performance of deposit money banks in Nigeria. Their study concluded that corporate governance exerts a big effect on the financial performance of commercial banks in Nigeria.

Esan, Ananwude, and Okeke (2020) examined the effect of corporate governance on financial performance of selected deposit money banks. Board ownership structure, audit committee independence, age and block shareholding proxied corporate governance while financial performance was represented by return on assets, return on equity and earnings per share of selected deposit money banks quoted on the Nigerian Stock Exchange (NSE). The result of the analysis using panel data from 2005 to 2017 established that corporate governance practice has significant effect on financial performance of deposit money banks in Nigeria. Which implied that appointment of the board positively relates to performance. Board members negatively relate with performance.

3.0 Methodology

3.1 Preamble

The chapter covers the techniques used for data collecting and describes the methodologies used for data collection and analysis. Consequently, it comprises the research design, the study's population, the sampling techniques, the sampling procedure and data collection method, the method of data analysis, and ethical consideration.

3.2 Research design

The study adopted ex-post facto method of research design, as it is a method that looks into how an independent variable (s) (with certain qualities that already exist prior to the study) affects dependent variable and this trait or characteristic cannot be manipulated by the researcher. This showed that data needed for the study exists. It has to do with cause-and-effect relationship between the independent and dependent variables. It is a quasi-experimental design in situations in which it is not practical or ethically acceptable to apply the full protocol of a true experimental design. Despite studying facts that have already occurred, ex post facto research shares with experimental research design some of its basic logic of inquiry.

3.3 Population of the study

The population of this study comprise of all twenty (20) licensed deposit money banks in Nigeria that met the CBN cash reserve ratio. The survey data was taken from their annual financial report from the period of 2011-2021.

3.4 Sample size

The sample size of this study was Twelve (12) deposit money banks in Nigeria within the period of 2011-2021. These banks were selected since they control larger share of the Nigeria banking industry. These banks were Zenith bank, Guaranty trust bank, Access bank, United bank of Africa, First bank, First city monument bank, Stanbic IBTC bank, Sterling bank, Eco bank, Union bank, Fidelity bank and Wema bank (CBN bulletin, 2021).

3.5 Sampling technique

The sampling technique adopted in this study is the purposive and convenient sampling technique. commercial banks were selected based on the size of their assets and availability of data for research from the period of 2011-2021.

3.6 Data collection method

The nature of data used in this study is primarily the panel data for all the commercial banks. Data is obtained strongly from secondary sources published in their annual financial report. In this study, governance proxied with Board Structure, Ownership Structure and Audit Committee are the independent variables while Return on asset (ROA), Profit after Tax (PAT) and Return on Equity (ROE) are the dependent variables.

3.7 Model specification

In order to assess the effect of interaction of board structure and ownership structure on performance of commercial banks in Nigeria, there will be a need to specify some evaluating criteria. The estimating model for the study is stated below:

$$EPS=\beta_0+\beta_1SBI_{it}+\beta_2DHFO_{it}+\beta_3ACSBI_{it}+\beta_4DPS_{it}+U_{it}$$

Where;

EPS= Earnings per share

BSBI= Interaction of board size and board independence

DHFO= interaction of directors' ownership and foreign ownership

ACSBI= Interaction of audit committee and board size

DPS= Dividend per share

β_0 = constant

β_1 = coefficient of explanatory variable

U_{it}= Error term

4.0 Results and interpretation

4.1 Preamble

This chapter entails the data presentation, analysis and interpretation of results. The analysis started with the descriptive statistics of the nature of the variables used in the study. The pooled effect panel regression technique was used to estimate the model.

4.2 Descriptive statistics

Table 4.1: Descriptive statistical values

Variable	Mean	Std. Dev.	Min	Max
Dps	0.6444275	.8592395	0	3.6
Eps	1.227255	2.109965	-13.57	7.78
Irbsbi	0.2238892	.0432611	.0826446	.2777667
Irdhfo	0.0173014	.0718751	0	.6059562
Acsbs	0.4256923	.1144355	.1875	1

Source: Author's Computation, 2022

The selected sample consists of 131 observations from 12 commercial banks in Nigeria from the period of 2011 to 2021. Based on the results of the above table, the considered dependent variable EPS denote a mean value of 1.227255. The minimum value of EPS Was found to be -13.57 during the examined period with a maximum value of 7.78. The DPS of Deposit money banks in Nigeria indicates an average value of 0.6444275. Descriptive statistics show that the interaction of the board size and board independence has an average of .2238892 with a minimum and maximum value of .0826446 and .2777667 respectively. Further, the interaction of directors holding and foreign holding has a mean value of .0173014 with a minimum and maximum value of 0 and .6059562 respectively. The interaction between audit committee size and board size has a mean size of .4256923 with a minimum and maximum value of .1875 and 1 respectively while the interaction of foreign ownership and total shareholding has a mean value of 1.797878 and a minimum value of 0 while its maximum value is 2.886427.

From the descriptive result it can be concluded that the average dividend paid by the banks is 0.6444275 while the banks pay dividend to the tune of 3.6, they can also decide not to pay the dividend as reflected in their min value which is 0. The banks make an average profit of 1.227255 on each of their shares, while they make a maximum profit of 7.78 on each share, they can also make loss of 13.57 on each share. The average of the interaction of board size and board independence is .2238892 which is 22% while the highest level of interaction between the board size and board independence is .2777667 which is about 28%. further, the minimum interaction between board size and board independence is .0826446. this indicates that there is minimal level interaction between board size and board independence.

4.3 **Interaction of board structure and ownership structure**

Table 4.3: pooled effect panel regression

Eps	Coef.	Std. err.	z	p> z	[95% conf.	Interval
Irbsbi	.6597456	3.03028	0.22	0.828	-5.279494	6.598985
Irdhfo	.4954824	1.751825	0.28	0.777	-2.938032	3.928997
Acsbs	-4.06087	1.13248	-3.59	0.000	-6.28049	-1.84125
Dps	1.759597	.1535425	11.46	0.000	1.458659	2.060534
_cons	1.671122	.8780071	1.90	0.057	-.0497403	3.391984

Wald chi2 (3) =143.46 R-sq: 0.5423

prob>chi2 = 0.0000

Source: Author's Computation, 2022

The results in Table 3 above show that when EPS was employed as dependent variable to measure the banks' financial performance while board structure (BS, BI, ACS) and ownership structure (DH & FH) served as the independent variables, interaction between board size and board independence has a beta value of .6597456 and a probability value 0f 0.828, which is insignificant at 5%. This implies that interaction of board size and board independence has positive and insignificant effect on the performance of commercial banks in Nigeria. This means that for every increase in the board size and number of non-executive director, the joint effect of both does not have significant impact on the performance of commercial banks in Nigeria. This provides evidence supporting us to accept the null hypothesis one of the studies which states that interaction of board size and board independence has no significant effect on financial performance of Commercial Bank in Nigeria.

5.0 Summary of findings, conclusion and recommendations

The summary, conclusion and recommendations based on the study of the effects of the interaction of board structure on financial performance of commercial banks in Nigeria are presented in this chapter.

5.1 Summary

The study encompassed chapters one to five, where chapter one comprised background to the study, statement of the problem, the objective of the study, research questions, research hypotheses, scope of the study and definition of terms. The main thrust of the study was to investigate the effect of the interaction of board structure on the financial performance of commercial banks in Nigeria. To achieve the general objective, specific objectives such as; examining the effect of the interaction of board size on earning per share of commercial banks in Nigeria; examine the effect of the interaction of directors' holding on earning per share of commercial banks in Nigeria; and to investigate the effect of the interaction of audit committee size on earnings per share of commercial banks in Nigeria. Chapter 2 focused on the conceptual review of the study variables, theories and empirical findings linking board structure and ownership structure and commercial banks performance and gaps in the study. Chapter three of this study presented the methodology adopted for the study covering areas such as the research design used for the study, the population of the study, sampling, data collection method, data analysis. Secondary data were obtained on the study variables from selected commercial banks in Nigeria.

The analysis of findings was done in chapter 4. The obtained secondary data was analyzed using panel regression method of analysis. Chapter five gives the summary of the study as well as the summary of the findings. Conclusion was drawn and recommendations made. The summary of the findings revealed that the interaction of board structure and ownership structure exert a mixed effect on financial performance, that is earning per share of commercial banks in Nigeria.

5.2 Conclusion

The study focused on the effect of the interaction of board structure proxies with (board size, board independence and audit committee size) on deposit money banks financial performance measured with earnings per share.for the first objective the study concluded that interaction of board size and board independence do not affect earnings per share of deposit money banks in Nigeria. The second objective concluded that the interaction of directors' ownership and foreign ownership does not affect earnings per share of commercial banks in Nigeria. In contrast, The third objective concluded that the interaction of audit committee size and board size affects earnings per share of commercial banks in Nigeria.

5.3 Recommendations from the study

The study recommended the following;

1. Although the size of the audit committee can have an impact on bank performance, it is recommended that this class of auditors be kept to a minimum to reduce the high cost of servicing them. The present study shows that the number of audit committees in banks is high enough to have a negative influence on performance. Reducing the number is recommended here for improved performance.

2. Director ownership and foreign ownership should be encouraged, given their positive impact on performance.

3. Commercial banks that wish to enhance their financial performance should try to reduce their board size, but with strict adherence to the regulatory guidelines. This will ensure that the huge yearly expense on this is reduced while also ensuring efficiency. This will have a more positive influence on corporate performance.

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