Assessment of Corporate Governance on Earnings per Share of Selected Deposit Money Banks in Nigeria

Author’s Details:
(1) Prof. Owolabi, Sunday A-Department Of Accounting-Babcock University-Illisan-Remo Ogun State
(2) Dr. Akinlabi, Babatunde H. (3) Cole, Abimbola A. Phd Scholar-Department Of Business Administration And Marketing-Babcock University, Illisan-Remo, Ogun State

Abstract
The study assessed the relationship between corporate governance and earnings per share of selected deposit money banks in Nigeria from 2006 to 2018. Ex post facto research design was adopted for this study using secondary data obtained from published annual reports, returns of selected deposit money banks, statistical bulletin of the central Bank of Nigeria and data obtained from the National Bureau of Statistics. Data obtained were analysed using Regression analysis with the aid of SPSS and E-view. Results obtained showed that corporate governance represented by board independence (BI), organizational orientation (OO), risk management structure (RMS), ownership structure (OS), transparency and disclosure (TD) have a positive relationship with earnings per share (EPS) on listed deposit money banks (DMBs) in Nigeria.

Keywords: Corporate governance, Earnings per share, Financial Performance

1.0 INTRODUCTION
The financial performance of the banking industry had witnessed dramatic growth in the global economy due to the crucial role the sector played in the investment scale. In spite of contribution of the banking industry to the economy, banking sector across the globe continued to face enormous difficulties such as macro-economic instability caused by large and sudden capital inflows, a major failure in corporate governance, lack of investor and consumer knowledge, inadequate disclosure and transparency about the financial position of banks and critical gaps in regulatory framework and regulations which has inhibited the financial performance of banks in Nigeria.

Corporate governance had been an issue of global concern as a result of the economic crisis and various financial frauds which led to the failure of many companies in 2008. Corporate governance as a concept has been viewed and defined by various authorities giving it different meanings and connotations. According to Cadbury (1992), corporate governance is the mechanism used to discipline organisations.

The financial crisis of 2007 and subsequent ones led to a renewed interest in financial institutions’ corporate governance mechanisms in order to put them in strong financial standing. The essence was to find a proper and adequate equilibrium for shareholders and managers who were able to align their interests and to ensure stability and solidity of the financial system through a healthy and cautious bank management (Matteo, Marco, & Arturo, 2015).

The Organisation of Economic Council for Development OECD (2019), reported that when corporate governance was practiced under a well-laid out system, it led to the building of a legal, commercial and institutional framework that would enhance the financial performance of an organisation, hence, the issue of corporate governance could not be separated from the laws of the land.

According to Mansur and Tangi (2018), financial scandals in several countries had served as justification for updated legislation to regulate corporate governance practices. For instance, the United States of America (USA), passed the Sarbanes – Oxley Act in 2002, in United Kingdom (UK), the financial reporting council (FRC) updated the Turnbull Guidance on internal control to be consistent with internal control reporting requirements as set out in section 404 of the Sarbanes-Oxley Act and the related securities and Exchange control (SEC) rules. The Asian financial crisis started in 1997, which deteriorated many of the East Asian companies’ financial performance caused mainly by the failure of these firms to adopt corporate governance policies in their activities. In Jordan, Securities and Exchange Commission had issued a code about corporate governance practices in 2007 to showcase the importance of applying corporate governance by companies and to promote international best practice in governance.

Organisation of Economic Council for Development (OECD) report (2009) indicated that the flows in bank governance had contributed in a relevant manner to the financial crisis (Kirkpatrick, 2009) and sequel to that, bank governance deserved special attention and thus made it interesting to examine its mechanisms, aiming to mitigate opportunistic behaviours and to reflect the needs of shareholders, creditors, and the taxpayers and their effects on bank performance (Kamazima, Mathenge & Ngu, 2017).

Sequel to the discussion above, the focus of this study is to investigate how corporate governance impacts on earnings per share (EPS) of selected deposit money banks in Nigeria.

2.0 LITERATURE REVIEW
2.1 Conceptual Review
2.1.1 Corporate Governance

http://www.jimsbr.com
Mansur and Tangl (2018) defined corporate governance as the relationship of the enterprise to shareholders or in the wider sense, as the relationship of the enterprise to society as a whole. Corporate governance is largely about organisational management performance to provide independence assurance for the organisation. OECD (2014) extended the concept of corporate governance as the system by which business corporations are directed and controlled for enhanced returns to stakeholders and shareholders.

Corporate governance is much broader than just corporate management, it includes a fair, efficient and transparent administration to meet certain well-defined objectives. It is a system of structuring, operating and controlling a company with a view to achieving long term strategic goals to satisfy shareholders, creditors, employees, customers and suppliers and complying with the legal and regulatory requirements, apart from meeting environmental and local community needs (Mohamed, Ahmad Khai (2016)). Also (Ghabayen, 2012) stated that corporate governance practice is considered an internal mechanism for monitoring management and good corporate governance is an effective tool for helping a firm to attain better performance.

According to Stewardship Code (2010), corporate governance is concerned with holding the balance between economic and social goals and between individual and communal goals. The governance framework is therefore to encourage the efficient use of resources and equally to require accountability for the stewardship of those resources. The aim and main objective of corporate governance is to align as nearly as possible the interests of individuals, corporation and society.

2.1.2 Board Independence

Board independence refers to the inclusion of outside executives on the board of an organisation (Ayodeji & Okunade, 2019). They also influence a firm’s performance in such matters as monitoring the operational processes. Fuzi, Adriana and Julizaema (2016) encouraged managers to focus on long term performance rather than routine activities. Board composition refers to the number of all directors (independent directors, non-executive directors, and executive directors on the board relative to the total number of directors). Non-executive directors are those directors who do not get involved in the day to day running of the business. An independent non-executive director is defined as a director who has no affiliation with the firm except for their directorship (Clifford and Evans, 1997; Uadiese, 2010). However, there is an apparent presumption that boards with significant outside directors will make different and perhaps better decisions than boards dominated by insiders while Fama and Jensen (1983) suggested that non-executive directors can play an important role in the effective resolution of agency problems and their presence on the board can lead to more effective decision-making, hence, improve firm performance.

Rosenstein and Jeffery (1997) stated that organization with higher board independence have less fraudulent interference in their financial statements, while organizations with board structure having dominant managerial discretion are more likely to face litigation charges. A United Kingdom study unveils that firms with higher level of outsider directorship are stricter to disclose the financial reports (Roberts, Mcnulty & Stiles, 2005). Corporations can influence and attract shareholder interest by being good corporate citizens, which involves caring for the communities in which they operate. Corporate citizenship also means that directors and executive officers must put shareholders’ interests above their interests. One way to achieve this is to relate with executive compensation to share price. However, this approach runs the risk of encouraging short-term decision-making to influence share prices when management focus should be on long-term shareholders’ value. Strict policies against conflicts of interest and the role of independent directors in setting executive pay are other ways of influencing and retaining shareholder interest (chirantan, 2018).

2.1.3 Organisational Orientation

Organisational orientation refers to the various ways people approach their roles in an organisation and the different approaches people have towards work and the place of work in their lives (Richmond & McCroskey, 2001). Three organisational orientations have been identified as: upward mobile, indifferent and ambivalent (Goodboy, 2007). These three types of orientation were associated with organisational communication behaviours and organisational outcome such as employee job satisfaction and motivation. The upward mobile orientation refers to workers who possess a strong desire to be promoted and advance within the organisation; these individuals were very devoted to their career and tended to identify with the organisation while the indifferent orientation refers to workers who were committed to their jobs as a means of earning a living and the ambivalent orientation refers to workers who tended to be highly critical of any job and seem to find problems with any organisation.

2.1.4 Risk Management Structure

Risk management is the identification, assessment and prioritisation of risk ( Sharukh & Sorab, 2015). Risk is defined in ISO 31000 as the effect of uncertainty on objectives (whether positive or negative) followed by coordinated and economical application of resources to minimise, monitor and control the probability and/or impact of unfortunate events or to maximise the realisation of opportunities. The key issues in risk management are strategies which typically include transferring the risk to another party, avoiding the risk, reducing the negative effect or probability of
the risk, or even accepting some or all of the potential or actual, consequences of a particular risk (Marina & Valentino, 2018).

Risk management involves discovering risks, assessing their effects, selecting a series of processes and evaluating the results. It is the determination, classification and prioritization of risks followed by unified and efficient utilization of resources to lessen, monitor and manipulate the quantity and or effect of disastrous events.

2.1.5. Ownership Structure

The mechanism of ownership structure refers to the proportion of a firm’s share owned by a given number of the largest shareholders. Bansal (2005), indicated that the comity of investors and shareholders (owners) is generally made up of individuals, groups and institutions whose interests, goals investment horizons and capabilities may vary considerably. As for general shareholders, they have the right and capacity to influence company’s fundamental issues including election of directors, amendment in company’s organic documents, approval of extraordinary transactions, modifications in company’s internal status and appointment of auditors. Jensen and Meckling (1976), classified ownership structure in terms of capital contributions, comprising insider investors (Managers) and outsider investors (debt holders and equity holders).

2.1.6. Transparency and Disclosure

Transparency and disclosure are essential elements of a robust corporate governance structure as they provide the base for informed decision making by shareholders, stakeholders and potential investors concerning capital allocation, corporate transactions and financial performance monitoring. The importance of transparency has been widely recognised by both academics and market regulators, resulting in numerous rules and regulations being introduced over time to ensure timely and reliable disclosure of financial information, creating standards to which companies must adhere. Today, transparency is taking on a new meaning of more comprehensive and proactive disclosures rather than the release of corporate governance details or policies in a “reactive” fashion (Benjamin, 2014).

2.1.7 Earnings per share (EPS)

Earnings per share (EPS) are the portion of a company’s profit allocated to each share of common stock. Earnings per share serve as an indicator of a company’s profitability. It is common for a company to report EPS that is adjusted for extraordinary items and potential share dilution. The formula for Earnings per share is:

\[
\text{EPS} = \frac{\text{Net Income-Preferred Dividends}}{\text{End of period common shares outstanding}}
\]

To calculate a company’s EPS, the balance sheet and income statement are used to find the period-end number of common shares, dividends paid on preferred stock (if any), and the net income or earnings. It is more accurate to use a weighted average number of common shares over the reporting term because the number of shares can change over time.

Earnings per share are calculated by dividing the company’s net income with its total number of outstanding shares. It is a tool that market participants frequently use to gauge the profitability of a company before buying its shares. EPS is the portion of a company’s profit that is allocated to each individual share of the stock. It is a term that is of much importance to investors and people who buy and sell in the stock market. The higher the earnings per share of a company, the better is its profitability. While calculating the EPS, it is advisable to use the weighted ratio, as the number of shares outstanding can change over time (Nasdag.com, 2017).

2.2 Theoretical Review

2.2.1 Agency Theory (1973)

Managers were employed to run the day to day affairs of the firm. Managers had become a small group, sitting at the head of enormous organizations, with the power to build communities to generate great productivity, wealth and also to control the distribution of that wealth, without regard for those who elected them (the stockholders) or those who depend on them (the larger public) (Berle & Means, 1932). Agency theory revolves around a contractual relationship whereby one or more persons (the principals) engage another person (the Agent) to execute a service on their behalf which involves delegating some decision making authority to the agent (Jensen and Meckling, 1974).

2.2.2 Stakeholder Theory (1984)

Freeman (1984) referred to a stakeholder as any group or individual who can affect or is affected by the achievement of an organisation’s objectives. The main assumption of the stakeholder theory is that an organization’s effectiveness is measured by its ability to satisfy not only the shareholders, but also those agents who have a stake in the organisation (Freeman, 1984). For the stakeholder theory, the primary criticism was that it failed to deal with the problem of balancing the potential conflicting interests of all different constituencies. Even so, there is no way for the stakeholders to claim for any failure on the part of the directors, moreover, there is no clear boundary for the stakeholder groups to be considered by a company. The problem was addressed by Freeman, R.E., Wicks, A. C. & Parmar, B.; (2004) in “Stakeholder Theory and the Corporate Objective Revisited” and concluded that a company, being accountable to everyone is actually accountable to no one.
2.2.3. Financial Intermediation Theory
According to Gurley and Shew (1960), the principal function of financial intermediaries is to purchase primary securities from ultimate borrowers and to issue indirect debt for the portfolios of ultimate lenders. Diamond (1984) explored the idea of financial intermediation as delegated monitoring based on the principle of minimizing costs. According to Allen and Srontomero (1997), financial intermediaries are the facilitators of risk transfer and deal with the complexities of financial instruments and markets. They also reduced participation costs that was the cost associated with mastering how to effectively use markets as well as interacting with them on a day-to-day basis.

2.2.4. Stewardship Theory
Stewardship theory had its root in psychology and sociology. In stewardship theory, the model of man was based on a steward whose behaviours were ordered such that pro-organisational, collectivist behaviours had higher utility than individualistic, self-serving behaviours. Thus, even when the interest of the steward and the principal did not aligned, the steward places higher value on cooperation than defection (Tosi, Brownlee, Silva and Katz, 2003). This collaboration would likely lead to increased sales and profits. As a result, it might be unnecessary to develop control or monitoring mechanism to keep management in check. Stewardship theory was presented as an alternative or complementary to Agency theory (Keay, 2017).

2.3. Empirical Review
Xiaonian and Yan (1997) in their study of “Ownership structure, corporate governance and firms’ performance: The case of Chinese stock companies”, indicated that ownership structure (both the mix and concentration) indeed had significant effects on the performance of stock companies.

EL Mir and Sxcboui (2008) attempted to assess the role of characteristics of the board of directors, audit quality and ownership structure in bridging economic value added, earnings per share and market value as a criterion of value creation for shareholders. As identified in the results, features of corporate governance were important in explaining the different outcomes obtained from economic value added, earnings per share and market value as a criterion of value creation for shareholders. As presented in the outcomes, features of corporate governance are important in explaining the different results obtained from economic value added and shareholder value creation. Board independence, auditor’s expertise and reputation, ownership structure, and stock option, were also influential in the said explanation.

Ajala, Amuda and Arulogun (2012) wrote on the effects of corporate governance on the financial performance of the Nigerian banking sector with the aim of assessing the impact of corporate governance on firms’ performance. They found that a negative but significant relationship existed 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 sample banks. Taghizadeh and Saremi (2013) examined a hundred and fifty (150) Malaysian public listed firm directors and their firm’s performance. The result of their study suggested that a high frequency of board meetings, a high percentage of independent non-executive directors reduced the return on equity (ROE), while female directors in terms of gender diversity on the board increased the return on equity (ROE). Alshetwi (2017), in his study of the “Association between board size, independent and firm performance: evidence from Saudi Arabia” examined the association between board size, board independence and firm performance as measured by ROA. The results of the study suggested that board independence was not associated with firm performance.

Basmah and Lakshmi (2016) in their study concluded that board independence had a positive link with firm performance while board size was not statistically significant in relationship with firm performance.

Dzingai and Fakoya (2017), assessed the effect of corporate governance structure on firm financial performance in the Johannesburg Stock Exchange (JSE). They used panel data analysis of the random effects model to determine the relationship between board independence, board size and return on equity (ROE) for the period 2010-2015. They found that a weak negative correlation existed between ROE and board size whereas there was a positive correlation between ROE and board independence. They further disclosed that there was 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 resulted in an increased firm financial performance.

Mwanzia and Ochenda (2017), studied the relationship between economic value added, market value added, and cash value added as value-based performance indicators and corporate governance. The results showed that the three mentioned performance indicators would augment when the chairman is at the same time, a Board member. Furthermore, ownership concentration had a significant relationship with economic value added and cash value added, while internal ownership was not a significant variable in the performance growth. In addition, external ownership increased economic value added and decreased market value added of a firm as concluded by Mwanzia and Ochenda (2017).
Ayodeji and Okunade (2019) in their study, considered return on assets (ROA) (dependent variable), proportion of independent non-executive directors on board and audit committee independence (independent variable), earnings per share (EPS) and the firm size which are control variables. Their findings revealed that there existed a significant relationship between board independence and the profitability of deposit money banks.

3.0. Methodology

Research design adopted for this study was ex-post factor using secondary data. Secondary data were obtained from published annual reports and returns of the selected deposit money banks, Central Bank of Nigeria (CBN) statistical bulletin, National Bureau of Statistics from 2006 to 2018, collated and analysed by descriptive statistics and Regression Analysis with the aid of SPSS and E-view.

The population of the study was twenty one (21) deposit money banks operating in Nigeria while the sample for this study selected selected fourteen (14) listed deposit money banks (six(6) from banks with high international presence and eight (8) from banks with national presence both within Nigeria as classified by CBN).

Model specification

Independent Variable (X) – Corporate Governance (CG)
Dependent Variable (Y) – Earnings Per Share (EPS)

\[ Y = \beta_0 + \beta_1 BI + \beta_2 OO + \beta_3 RMS + \beta_4 OS + \beta_5 TD + Uit \]

Where:

\( x_1 = \) Board Independence (BI)  
\( x_2 = \) Organisational Orientation (OO)  
\( x_3 = \) Risk Management Structure (RMS)  
\( x_4 = \) Ownership Structure (OS)  
\( x_5 = \) Transparency and Disclosure (TD)

4.0 Data Analysis and Interpretation

This section dealt with the analysis and interpretation in respect of relationship between corporate governance and earnings per share.

Table 1 Results of the summary statistics of variable

<table>
<thead>
<tr>
<th></th>
<th>Mean</th>
<th>Max</th>
<th>Min</th>
<th>Std Dev</th>
<th>Skewness</th>
<th>Kurtosis</th>
<th>Jarque-Bera</th>
<th>Prob</th>
<th>OBS</th>
</tr>
</thead>
<tbody>
<tr>
<td>EPS</td>
<td>10.20</td>
<td>235.00</td>
<td>-127.62</td>
<td>32.54</td>
<td>3.4</td>
<td>22.63</td>
<td>3271.63</td>
<td>0.00</td>
<td>182</td>
</tr>
</tbody>
</table>

Source: Author’s compilation from STATA 16

From the table above, earnings per share (EPS) showed a large value of dispersion from the mean value hence, it is disperse.

Effect of corporate governance dimension on earnings per share of selected deposit money banks in Nigeria was tested. The fixed effect and Random Effects models were estimated alongside the Hausman test to assess which of the two models was appropriate.

Table 2: Hausman Test

<table>
<thead>
<tr>
<th></th>
<th>Chi2(5)</th>
<th>Prob &gt; chi2</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2.59</td>
<td>0.76</td>
</tr>
</tbody>
</table>

Source: Author’s computation

From the Hausman test as shown in table 2, the probability value suggested that Random effect was more appropriate hence, the estimation of the model.

To validate the Random Effect model, the Breusch and Pagan Lagrangian Multiplier test for Random Effect was conducted and the result presented in Table 3.

Table 3: Result of the Test for Random Effect

<table>
<thead>
<tr>
<th></th>
<th>Chibar2(01)</th>
<th>Prob &gt; chibar2</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>330.01</td>
<td>0.000</td>
</tr>
</tbody>
</table>

Source: Author’s computation, 2020 via STATA.1 data from annual reports of selected banks

Table 3 revealed that the Random Effect model was better off as pooled OLS for the study.

Table 4: Random Effect Model

Dependent Variable: EPS
The overall R squared showed that about 22% variance that occurred in earnings per share was explained by corporate governance dimensions (board independence, organizational orientation, risk management structure, ownership structure and transparency and disclosure), while the remaining 78% were other factors that explained changes in earnings per share but were not captured in the model. The results showed that on the overall, the Wald test of 34.68 with p<0.05, implied that corporate governance dimensions were effective in determining the earnings per share of selected deposit money banks in Nigeria. The result suggested that banks should pay more attention to board independence, organizational orientation and risk management structure as they were the major corporate governance dimensions that affected the banks’ earnings per share.

From Table 4, the result of a random effect represented by board independence, organizational orientation and risk management structure had a joint influence on earnings per share of selected deposit money banks in Nigeria. From the results, Board Independence (β= 2.732, Z=3.126, p<0.05), Organizational Orientation (β= 4.300, Z= 4.699, p < 0.05) and risk management structure (β=5.076, Z=2.696, p<0.05) had a positive and significant effect on earnings per share of selected deposit money banks in Nigeria while Ownership Structure (β= 3.242, Z=0.747, p> 0.05) had a positive but insignificant effect on earnings per share of selected deposit money banks in Nigeria. Result obtained

### Table 4

<table>
<thead>
<tr>
<th>Variables</th>
<th>Coefficient</th>
<th>Standard Error</th>
<th>Z</th>
<th>P&gt;(Z)</th>
</tr>
</thead>
<tbody>
<tr>
<td>BI</td>
<td>2.732</td>
<td>0.874</td>
<td>3.126</td>
<td>0.003</td>
</tr>
<tr>
<td>OO</td>
<td>4.300</td>
<td>0.915</td>
<td>4.699</td>
<td>0.000</td>
</tr>
<tr>
<td>RMS</td>
<td>5.076</td>
<td>1.883</td>
<td>2.696</td>
<td>0.018</td>
</tr>
<tr>
<td>OS</td>
<td>0.539</td>
<td>0.401</td>
<td>1.344</td>
<td>0.287</td>
</tr>
<tr>
<td>TD</td>
<td>3.242</td>
<td>4.341</td>
<td>0.747</td>
<td>0.530</td>
</tr>
<tr>
<td>Constant</td>
<td>-71.152</td>
<td>49.709</td>
<td>-1.431</td>
<td>0.152</td>
</tr>
</tbody>
</table>

**R-squared**

| Within     | 0.173       | Wald chi2(5)   | 34.68 |
| Between    | 0.263       | Prob> chi2     | 0.000 |
| overall    | 0.217       | Observations   | 182   |

**Source:** Author’s Computation, 2020 via STAT 16 data obtained from Annual reports of selected banks

**Interpretation**

The result of the Random effect model was presented in Table 4. The test to see whether all the coefficients of Corporate governance dimensions in the model were greater than zero (Wald Chi² = 34.68; Prob = 0.000) revealed that the corporate governance dimensions had joint influence on earnings per share of the selected deposit money banks in Nigeria.

Thus, the results showed that board independence (BI), organizational orientation (OO), risk management structure (RMS), ownership structure (OS), transparency and disclosure (TD) had a positive relationship with earnings per share on listed deposit money banks in Nigeria. In addition, there was evidence that board independence, organizational orientation, and risk management structure had a significant relationship with earnings per share on listed deposit money banks in Nigeria (BI = 2.732, Z-test= 3.126, p<0.05; OO =4.300, Z-test =4.699, p<0.05 and RMS = 5.076, Z-test = 2.696 p<0.05) while ownership structure and transparency and disclosure did not have significant relationship with earnings per share on listed deposit money banks in Nigeria (OS = 0.539, Z-test = 1.344, p>0.05 and TD =3.242, Z-test =0.747, p>0.05).

The multiple regression model was thus expressed as:

$$\text{EPS}_{it} = -71.52 + 2.732\text{BI}_{it} + 4.300\text{OO}_{it} + 5.076\text{RMS}_{it} + \text{constant}$$

Where:

- EPS = Earnings per share
- BI = Board Independence
- OO = Organizational Orientation
- RMS = Risk Management Structure
- OS = Ownership Structure
- TD = Transparency and Disclosure

Concerning the magnitude of the estimated parameters, on the average, the effect of board independence, organisational orientation, risk management structure, ownership structure and transparency and disclosure on the earnings per share when there were changes across time and banks (cross-sections) amounted to 2.732, 4.300, 5.076, 0.539 and 3.242. This implied that a unit increase in board independence, organisational orientation, risk management structure, ownership structure and transparency and disclosure resulted in 2.732, 4300, 5.076, 0.539 and 3.242 increase on the earnings per share respectively.

The overall R squared showed that about 22% variance that occurred in earnings per share was explained by corporate governance dimensions (board independence, organisational orientation, risk management structure, ownership structure and transparency and disclosure), while the remaining 78% were other factors that explained changes in earnings per share but were not captured in the model. The results showed that on the overall, the Wald test of 34.68 with p<0.05, implied that corporate governance dimensions were effective in determining the earnings per share of selected deposit money banks in Nigeria. The result suggested that banks should pay more attention to board independence, organizational orientation and risk management structure as they were the major corporate governance dimensions that affected the banks’ earnings per share.

From Table 4, the result of a random effect represented by board independence, organizational orientation and risk management structure had a joint influence on earnings per share of selected deposit money banks in Nigeria. From the results, Board Independence (β= 2.732, Z=3.126, p<0.05), Organizational Orientation (β= 4.300, Z= 4.699, p < 0.05) and risk management structure (β=5.076, Z=2.696, p<0.05) had a positive and significant effect on earnings per share of selected deposit money banks in Nigeria while Ownership Structure (β= 3.242, Z=0.747, p> 0.05) had a positive but insignificant effect on earnings per share of selected deposit money banks in Nigeria. Result obtained
from this study was in agreement with that of Wheeler D, Colbert B & Freeman R.E. (2003) Xiaonian and Yan (1997).
Thus, the null hypothesis that the corporate governance dimension had no significant effect on deposit money banks in Nigeria was rejected. The alternative hypothesis that corporate governance dimensions significantly affected earnings per share of selected deposit money banks in Nigeria was accepted which indicated that corporate governance dimension (Board Independence, Organizational Orientation, Risk Management Structure, Transparency and Disclosure) had a significant effect on earnings per share of selected deposit money banks in Nigeria.

5.0. CONCLUSION
The purpose of this study was to assess the relationship between corporate governance and earnings per share of selected deposit money banks in Nigeria from 2006 to 2018. From the study, we concluded that corporate governance measured by Board Independence (BI), Risk Management Structure (RMS) and ownership structure (OS) dimensions did not have an influence on earnings per share.

6.0 RECOMMENDATION
Based on the findings and conclusion of the study, the following recommendations were made:

i) It was recommended that in the future, that the research could use more financial ratios to measure performance such as Dividend Per Share (DPS) and Tobin-Q measure.

ii) Board independence should be put in place because outside directors were considered as more appropriate monitors and could discipline the management and improve firms’ earnings per share.

iii) Companies should embrace and strengthen the Audit committee to ensure efficient financial reporting.

iv) Board committees should ensure that corporate executives behave in the best interest of the stakeholders.

v) Each corporation should have its own corporate governance regulations setting out clear responsibilities of each committee to prevent duplication of duties and avoid improper coordination among committees leading to efficient decisions in line with those of the regulatory authorities.

vi) Regulators should enact Acts, set forth stiff penalties (not just fines) for both companies, their officers and directors for non-compliance.

References


http://www.jimsbr.com