Board Operational Strategies and Shareholders' Compensation in Nigerian Banking Industry

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Abstract

There have been several studies on operational strategies employed by boards across the globe but most of the studies did not see how these strategies could enhance shareholders' compensation. Thus, the objective of the study is to investigate the impact of board operational strategies on shareholders' compensation in the Nigerian banking industry. The study employs ex-post facto research design and secondary data collected from the annual reports of the selected banks- Access Bank, Sterling Bank, First City Monument Bank (FCMB), Eco Bank, Stanbic IBTC, United Bank for Africa, Wema Bank, Zenith Bank, First Bank, and Guarantee Trust Bank. The findings from the multiple regression reveal that Audit and HR committees have significant effect on dividend per share while Risk Management, and Credit & Finance committees do not. The findings further show that Risk Management,

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Audit, HR, and Credit& Finance committees do not have significant effect on earnings per share. The study concludes that operational strategies do not have significant effect on earnings per share. The study suggests that the quality and capability of Credit and Finance committee members should be increased so that the owners of banks will continue to experience high rewards on their investments in the banking industry. Also, there is the need to review job descriptions of Risk Management, Audit and HR committees so as to empower them to influence shareholder compensation in the industry.

Keywords: Board Operational Strategies; Owners' Compensation; Dividend Per Share; Earnings Per Share
JEL Classification: G34, G3

Introduction

The intensity of competition in today's business environment requires the deployment of strategies to guide corporate operations, and these strategies are formulated by the top management. Thus, in the case of banks, the board formulates the operational strategies to achieve the internal control goals (Addo, Rigoni & Cavezzi 2017). These strategies direct the activities of the employees and enable strategic plans to impact on the functional domains (Akingbade, 2020).

Corporate strategies are the set of actions that a firm intends to employ to outsmart its competitors and they focus on the long term goals of the firm (Akingbade 2020). However, there is the need for strategies for short term objectives and that is why there are operational strategies. Operational strategies play pivotal roles in ensuring the effectiveness of corporate strategies by developing and leveraging capabilities in the domain of customers, new markets and products (Haleem, Jehangir & Baig 2017). In the views of Beckman and Rosenfield (2008), operational strategy is one of the most important factors in the business planning of every firm because it aids a firm routine activities (Muganda 2018). Operational strategies are designed by the board as the top management and hub of corporate governance (Muo 2006) and the board is expected to represent the interest of shareholders by navigating the actions of managers on the trajectory of shareholders' compensation (Hajer & Anis 2018)

The banking industry is important for economic growth because of its role(s) in the economy (Olajide & Okunbanjo 2018). Therefore, the failure of this industry could affect the entire economy of any nation. The Nigerian banking industry, like every industry, encounters series of challenges in its routine banking activities. These challenges include fraud, insider abuse, deterioration of asset quality, undercapitalisation, bad loans among others (Olowosegun & Moloi 2021, Adedeji & Ajulo 2021, Ohiani 2020, Hassan 2018, Gololo 2018). These challenges have made some banks such as Oceanic Bank; Eko Bank, Afribank; Intercontinental Bank and Savannah Bank to go into extinction, collapse, be acquired or merged (Ibrahim, Adesina, Olufowobi & Ayinde 2018, Abu, Okpeh & Okpe 2016, Adeyemi & Fagbemi 2011, Ogbonna & Ebimobowei 2011). Based on this, the CBN is forced to consistently monitor and reform the industry via frequent changes in regulatory policies.

Despite the efforts of the CBN on reforming the Nigerian banking industry, the operational challenges of the banks still persist (Muo 2013). Recently, Polaris Bank was created to acquire Skye Bank and Diamond Bank was merged with Access bank. This is an evidence that all is not well with the operational activities of Nigerian banks. Gololo (2018) mentions that poor operational strategy or control is the factor that paves way for persistence internal challenges of the banks. It is not yet confirmed if the operational strategies of the banks affect how the shareholders will be compensated. It is in line with this that the study wants to ascertain how the operational strategies employed by boards of banks have influenced the confidence of the investors via maximization of the returns from their investments.

2. Review of Related Literature

2.1 Conceptual Review

2.1.1 Board Operational Strategies

Strategy is seen as the range of actions and commitments that are designed, integrated, and coordinated to utilize a firm's resources in order to achieve stated goals. Strategy could be internal and external. The internal strategies deal with the internal operations of a firm in line with its mission while the external strategy focuses on how the firm could outsmart its rivals in the industry. The focus of the study is on internal strategy which has to do with how the boards structure the firms' operations for effectiveness and efficiency. Thus, board operational strategies are the pattern of decisions, which shape the long-term capabilities of any type of operations and their contributions to the overall mission and vision of the banks. Falola (2020) expresses that board operational strategies involve the inclusion of directors in the committee system of a firm in order to monitor and evaluate the internal activities for the accomplishment of the firms' objectives.

2.1.2 Components of Board Operational Strategies

The operational strategies in the Nigeria banking industry are driven by the activities of the different standing committees of the board, which ensure consistence and effective internal control of the banks' different routine activities. These committees include Risk Management, Credit and Finance, Audit and Human Resource Committees.

Board Risk Management Committee is saddled with the responsibility of managing the risks in the operations of the banks; Credit and Finance Committee is in charge of loans and advances; Board Audit Committee oversees the banks financial reporting and disclosure. Board Human Resource Committee is responsible for creating and/or monitoring value-based systems and policies to ensure that the bank is following required best practices relating to the employees and creating an attractive environment for current and prospective employees.

2.1.3 Shareholders' Compensation

Compensation, in this instance is the total package of financial rewards received by shareholders, who are the owners of the firm, based on their investments in the firm (Adisa, Adeoye & Okunbanjo 2016, Adeoye & Elegunde 2014). Earnings and dividends per share serve as proxies for shareholders' compensation because the two variables show how shareholders could be rewarded in line with their investment in the firm.

Earnings Per Share, according to Kiboi 2015, is the amount attributed to a unit of share as a proportion of income for a given financial year. It is a firm's earnings divided by the number of ordinary shares issued by the firm. Ordinarily, an increase in the earnings of a firm leads to a rise in dividend per share based on the decision of the board of director (Fama & French, 2001). Dividend is the distribution of earnings (past or present) in real assets among the shareholders of the firm in proportion to their ownership (Kiboi, 2015). Dividend per share (DPS) is the sum of declared dividends issued by a firm for every ordinary share outstanding (Chen & Boyle, 2020).

2.2 Theoretical Foundation

Agency Theory as propounded by Alchian and Demsetz (1972) and further developed by Jensen and Meckling (1976) is the theoretical foundation of this study. Agency theory stresses on principal-agent relationship within a firm. According to Ibrahim, Adesina, Olufowobi and Ayinde (2018), Agency Theory believes that the principals of a firm are the shareholders while the boards of directors are their agents in running the firm. The board protects the interest of the shareholders with the ultimate objective of maximizing the returns on their investment. Investors will like to receive reasonable compensation on their investments and thus they monitor the activities of the board to ensure that their interests are well protected.

The board as an agent to the shareholders will have to give report of their activities to the owners of the company and this is where the Stewardship Theory (Donaldson & Davis, 1991) comes in. According to Davis, Schoorman and Donaldson (1997), this theory stresses on the protection and maximization of wealth of the shareholders by the boards, which also have to give feedback the shareholders on the activities of the firms. Stewardship theory believes that the board members should not be guided by personal interests but should align their interest with those of the shareholders (Amole, Muo & Lawal 2021).

In order to maximize the shareholders' wealth, the boards employ different strategies, amongst which is the establishment of different committees including those on risk management, audit, human resource, and, credit and finance, to protect the interest of the shareholders.

2.3 Empirical Review

Georgantopoulos and Filos (2017) investigate how performance of banks is influenced by the structure of the boards in Greece. The study reveals that board independence and size have positive and significant effects on return on equity and return on assets. The study fails to capture shareholder compensation and it is not conducted in the Nigerian banking industry. Njeru (2012) employs content analysis to examine the role of board operational strategies in Equity Bank in Kenya using primary data. The findings reveal that operational strategies have significant impact on the internal activities of the bank especially on information technology. The study is not empirically conducted as the findings could be biased because appropriate statistical tools are not employed and it is not conducted in Nigeria. The studies of Umar and Sani (2020); Odeleye (2018); Ibrahim, Adesina, Olufowobi and Ayinde (2018); Emeka and Alem, (2016) show direct relationships between corporate governance and performance of firms in Nigeria. The studies do not capture the operational strategies of the firms and despite being investigated in Nigeria, shareholders compensation is not captured.

Hajer and Anis (2018) conduct an analysis on internal governance and bank performance in Tunisia from 2009 to 2011 and concludes that there is no standard governance structure in Tunisia banking industry and asserts that banks should adopt the appropriate operational strategies to improve their financial performance. The study is not conducted in Nigeria and shareholders compensation is not included in its objectives. Also, the period of the study is now stale as banking activities across the globe have changed from 2011 to 2020.

Dzingai and Fakoya (2017) reveals that there is a weak negative relationship between return on equity and board size but a positive relationship between board independence and return on equity. The study indicates mixed results and shareholders compensation is not focused despite not being conducted in Nigeria. Erin, Asiriuwa, Olojede, Ajetunmobi and Usman (2018) investigate risk governance and performance of banks in Nigeria and uses Chief Risk Officer presence and centrality, risk committee independence, and board independence, audit committee as risk governance strategies while return on assets is used as proxy for financial performance. The findings show that all the proxies for risk governance strategies are significantly related to return on assets except chief risk officer centrality. The study shows mixed results and shareholders compensation is not focused. In addition, Nwidobie (2016) find that corporate governance has no impact on the performance but does not focus on the banks and negative result is reported.

3. Methodology

3.1 Research Design

The study employs ex-post facto research design. This research design is adopted because of the nature of this study. The study embodies historical data and predicts past events on all the variables employed.

3.2 Models Specification

For the purpose of the study, the models are thus stated below:

$$DPS_{it} = \beta_0 + \log\sum_{i=1}^{n}\beta_i RMC_{it} + \log\sum_{i=1}^{n}\beta_i AC_{it} + \log\sum_{i=1}^{n}\beta_i HRC_{it} + \log\sum_{i=1}^{n}\beta_i CFC_{it} + \mu_{it} \quad \text{.......1}$$

$$EPS_{it} = \beta_0 + \log\sum_{i=1}^{n}\beta_i RMC_{it} + \log\sum_{i=1}^{n}\beta_i AC_{it} + \log\sum_{i=1}^{n}\beta_i HRC_{it} + \log\sum_{i=1}^{n}\beta_i CFC_{it} + \mu_{it} \quad \text{.......2}$$

Where: DPS_{it} = Dividend per share of the i^{th} Bank at period t; RMC= Risk Management Committee; AC= Audit Committee; HRC= Human Resource Committee; CFC= Credit and Finance Committee; Log= Logarithm; Subscript *'t'* indicates time period; and μ_t is the stochastic disturbance term not included in the estimation model.

3.3 Data Discussion

The data are collected based on the variables employed in the study. The data for the study already made or existing data that are reported in the financial statements of the selected deposit money banks. The nature of the study makes its data to be panel data because of studying different banks at different periods of time

3.4 Source of Data

The study uses secondary data and the data are readily available in the annual reports of the banks. The data are collected on the earning per share and dividend per share as well as risk management committee, audit committee, human resource committee, and credit and finance committee from 2009 to 2019. The data are collected from 10 top performing deposit money banks in the Nigerian banking sector. The selected deposit money banks are Access Bank, Sterling Bank, FCMB, Eco Bank, Stanbic IBTC, UBA, Wema Bank, Zenith Bank, First Bank and GTB. This gives a total observation of 110.

3.5 Method of Data Analysis

The study employs econometric techniques as statistical tools. Unit roots, Hauman test as well as panel regression are employed to achieve the objectives of the study.

4. Results

This part of the study demonstrates the results of the data and the interpretation of the results

4.1 Data Estimation and Presentation of Results

Table 1: Summary of the Unit Root Test for the Variables

Variables	**Levin, Lin & Chu t***	**ADF**	**PP**	**Im, Pasaran & Shin W-stat**
Dividend Per share	-3.4061 (0.003)*	36.8718 (0.054)*	37.6787 (0.004)*	-2.0875 (0.000)*
Earning Per share	-3.0884 (0.001)*	55.6455 (0.000)*	94.7518 (0.000)*	-3.9171 (0.000)
Risk Management Committee	-2.0715 (0.019)*	32.6661(0.037)*	95.1073 (0.000)*	-1.66187 (0.048)
Audit Committee	-3.7998 (0.001)*	35.3389 (0.009)*	104.667 (0.000)*	-2.2778 (0.011)*
Human Resource Committee	-5.3407 (0.000)*	37.9362 (0.004)*	108.746 (0.000)*	-2.50694 (0.006)*
Credit & Finance Committee	-7.7584 (0.000)*	50.7409 (0.000)*	84.8379 (0.000)*	-3.3865 (0.00)

()*= P-value
Source: Researcher's Computation

Table 2: Hausman Test and Redundant Fixed Test for Model One

	Hausman Test			**Redundant Fixed**	
	Chi-Sq Statistic	P-value		Chi-Sq Statistic	P-value
Cross-Section Random	0.9059	0.924	Cross-Section Fixed	19.7470	0.000
Period Random	2.5563	0.635	Period Fixed	5.0477	0.000
Cross-section & Period Random	3.1523	0.532	Cross-section & Period Fixed	11.8678	0.000

Source: Researcher's Computation

Table 3: Panel Regression Results for Model One

	Pooled OLS		Fixed Effect		Random Effect	
Variable	Coefficient	P-value	Coefficient	P-value	Coefficient	P-value
C	1.8939	0.008	2.2870	0.0003	2.1988	0.001
Log (Risk Management Committee)	0.1002	0.781	0.3452	0.1608	-0.0349	0.1481
Log (Audit Committee)	-1.0248	0.001	-0.6715	0.0023	0.7346	0.0006
Log (Human Resource Committee)	0.2244	0.453	-0.5746	0.0236	-0.4826	0.0460
Log (Credit & Finance Committee)	-0.0594	0.822	-0.1301	0.5886	-0.1109	0.6296
Model Summary						
R-Squared	0.101		0.7519		0.1651	
Adj- R-Squared	0.07		0.6855		0.1333	
F-Stat	2.9563	(0.020)	11.329	(0.000)	5.1900	(0.001)

Dependent Variable: Dividend Per Share
Source: Researcher's Computation

Table 4: Hausman Test and Redundant Fixed Test for Model Two

	Hausman Test			Redundant Fixed	
	Chi-Sq Statistic	P-value		Chi-Sq Statistic	P-value
Cross-Section Random	0.000	1.000	Cross-Section Fixed	18.522	0.000
Period Random	0.000	1.000	Period Fixed	5.854	0.000
Cross-section & Period Random	0.000	1.000	Cross-section & Period Fixed	11.421	0.000

Source: Researcher's Computation

Table 5: Panel Regression Results for Model Two

	Pooled OLS		Fixed Effect		Random Effect	
Variable	Coefficient	P-value	Coefficient	P-value	Coefficient	P-value
C	2.6617	0.0529	2.5394	0.0348	2.5116	0.001
Log (Risk Management Committee)	-0.5710	0.4129	-0.4297	0.3704	-0.4284	0.3722
Log (Audit Committee)	-1.8158	0.0031	-0.2997	0.4744	-0.5463	0.1905
Log (Human Resource Committee)	1.5468	0.0083	-0.3646	0.4566	-0.1189	0.8029
Log (Credit & Finance Committee)	0.1781	0.7279	0.4290	0.3625	0.4465	0.3281
Model Summary						
R-Squared	0.145		0.7573		0.144	
Adj- R-Squared	0.112		0.6924		0.076	
F-Stat	4.449	(0.002)	11.6670	(0.000)	1.209	(0.001)

Dependent Variable: Earnings Per Share
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4.2 Interpretation of Results

Table 1 shows the unit root test results for the variables. The results show that all the variables have p-values that are less than 0.05% on all methods- Levin, Lin & Chu t*, Augment Dickey Fuller (ADF), Phillip Parson (PP), and Im, Pasaran & Shin W-statistic unit root test employed in the study.

Table 2 shows the Hausman test and Redundant fixed test for model one to ascertain if random effect or fixed effect will be selected for the study. It is revealed that the p-values for

Hausman test are higher than 0.05% significant level while the p-values for redundant fixed are less than 0.05% significant level, thus, fixed effect will be selected to achieve the objective of the study.

Table 3 shows the regression results-pooled, fixed effect and random effect regressions for model one. The pooled ordinary least square shows that 0.07% changes in dividend per share is explained by Risk Management, Audit Committee, Human Resource Committee, and Credit and Finance Committee as proxies for board operational strategies while the remaining 99.93% is explained by other factors not captured in the model. It is also indicated that Risk Management Committee has a positive but insignificant effect on dividend per share in Nigerian banking industry (β = 0.1002; p-value= 0.781>0.05 critical level); Audit Committee has a negative but significant effect on dividend per share in Nigerian banking industry (β = -1.0248; p-value= 0.001<0.05 critical level); Human Resource Committee has a positive but insignificant effect on the dividend per share in Nigerian banking industry. (β = 0.2244, p-value= 0.453>0.05 critical level). Credit and Finance Committee has a negative and insignificant effect on dividend per share (β = -0.0594, p-value= 0.822>0.05 critical level) with f(Prob) of 0.020.

On the fixed effect results, Table 3 shows that 68.55% changes in dividend per share is caused by Risk Management, Audit Committee, Human Resource Committee, and Credit and Finance Committee as proxies for board operational strategies while the remaining 31.45% is explained by other factors not captured in the model. It is also indicated that Risk

Management Committee has a positive but insignificant effect on dividend per share in Nigerian banking industry (β = 0.3452; p-value= 0.1608>0.05 critical level); Audit Committee has a negative but significant effect on dividend per share in Nigeria banking industry (β = -0.6715; p-value= 0.0023<0.05 critical level); Human Resource Committee has a negative but significant effect on the dividend per share in Nigerian banking industry. (β = -0.5746, p-value= 0.0236<0.05 critical level). Credit and Finance Committee has a negative and insignificant effect on dividend per share (β = -0.1301, p-value= 0.5886>0.05 critical level) with F(Prob) of 0.000

On the random effect results, Table 3 displays that Risk Management, Audit Committee, Human Resource Committee, and Credit and Finance Committee as proxies for board operational strategies accounted for 13.33% of the changes in dividend per share while the remaining 86.67% is accounted by factors not considered in the model. It is indicated that Risk Management Committee has a negative and insignificant effect on dividend per share in Nigerian banking industry (β = -0.0349; p-value= 0.1481>0.05 critical level); Audit Committee has a positive and significant effect on dividend per share in Nigeria banking industry (β = 0.7346; p-value= 0.0006<0.05 critical level); Human Resource Committee has a negative but significant effect on the dividend per share in Nigerian banking industry. (β = -0.4828, p-value= 0.0460<0.05 critical level). Credit and Finance Committee has a negative and insignificant effect on dividend per share (β = -0.1109, p-value= 0.6296>0.05 critical level) with f (Prob) of 0.001

Due to the results of Hausman and redundant test, fixed effect should be focused. Thus, the results is expressed in model form

$$DPS = 2.2870 + 0.3452RMC - 0.6715AC - 0.5746HRC - 0.1301CFC + \mu$$

F-Statistic = 11.3920
F(Prob) = 0.000

It is demonstrated that a change in the unit of Risk Management Committee will cause a rise in dividend per share by 0.3452. However, a change in the unit of Audit Committee, Human Resource Committee and Credit and Finance Committee will cause a decline in the dividend per share of the banking industry in Nigeria. The F-statistic value and F(prob) show that the model is fit and significant to achieve the objectives of the study.

Table 4 showed the Hausman test and Redundant fixed test for model two to ascertain if random effect or fixed effect will be selected for the study. It is revealed that the p-values for Hausman test are higher than 0.05% significant level while the p-values for redundant fixed are less than 0.05% significant level, thus, fixed effect will be selected to achieve the objectives of the study.

Table 5 shows the regression results-pooled, fixed effect and random effect regressions for model two. The pooled ordinary least square shows that 14.5% changes in earnings per share is explained by risk Management, Audit Committee, Human Resource Committee, and Credit and Finance Committee as proxies for board operational strategies while the remaining

85.5% is explained by other factors not captured in the model. It is also indicated that Risk Management Committee has a negative and insignificant effect on earnings per share in Nigerian banking industry (β = -0.5710; p-value= 0.4129>0.05 critical level); Audit Committee has a negative but significant effect on earnings per share in Nigeria, banking industry (β = -1.8158; p-value= 0.0031<0.05 critical level); Human Resource Committee has a positive and significant effect on the earnings per share in Nigerian banking industry. (β = 1.5468, p-value= 0.0083<0.05 critical level). Credit and Finance Committee has a positive but insignificant effect on earnings per share (β = -0.1781, p-value= 0.7279>0.05 critical level).

On the fixed effect results, table 5 further shows that 69.24% changes in earnings per share is caused by Risk Management, Audit Committee, Human Resource Committee, and Credit and Finance Committee as proxies for board operational strategies while the remaining 30.76% is explained by other factors not captured in the model. It is also indicated that Risk Management Committee has a negative and insignificant effect on earnings per share in Nigerian banking industry (β = -0.4297; p-value= 0.3704>0.05 critical level); Audit Committee has a negative and insignificant effect on earnings per share in Nigerian banking industry (β = -0.2997; p-value= 0.4744<0.05 critical level); Human Resource Committee has a negative and insignificant effect on the earnings per share in Nigerian banking industry. (β = -0.3646, p-value= 0.4566<0.05 critical level). Credit and Finance Committee has a positive but insignificant effect on earnings per share (β = 0.4290 p-value= 0.3625>0.05 critical level).

On the random effect results, Table 5 displays that Risk Management, Audit Committee, Human Resource Committee, and Credit and Finance Committee as proxies for board operational strategies accounted for 7.6% of the changes in earnings per share while the remaining 92.4% is accounted for by factors not considered in the model. It is indicated that Risk Management Committee has a negative and insignificant effect on earnings per share in Nigerian banking industry (β = -0.4284; p-value= 0.3722>0.05 critical level); Audit Committee has a negative and insignificant effect on earnings per share in Nigerian banking industry (β = -0.5463; p-value= 0.3722>0.05 critical level); Human Resource Committee has a negative and insignificant effect on the earnings per share in Nigerian banking industry (β = -0.1189, p-value= 0.8029>0.05 critical level). Credit and Finance Committee has a positive and insignificant effect earnings per share (β = 0.4465, p-value= 0.3281>0.05 critical level).

Due to the results of Hausman and redundant test, which show that fixed effect should be focused, the results is expressed in model form:

$EPS = 2.5394 - 0.4297RMC - 0.2997AC - 0.3646HRC + 0.4290CFC + \mu$

F-Statistic = 11.6670

F(Prob) = 0.000

It is demonstrated that a change in the unit of Risk Management, Audit Human Resource Committees will cause a decline in earnings per share by 0.4297; 0.2997; and 0.3646 respectively. But, a change in the unit of and Credit and Finance Committee will cause a rise in the earnings per share.

The F-statistic value and F(prob) show that the model is fit and significant at less than 5% to achieve the objectives of the study.

4.3 Discussion of Results

The study has evaluated functional relationship between board operational strategies and maximization of business owners' wealth in Nigerian banking industry which is measured in terms of committee system, which comprises Risk Management, Audit, Human Resource, and Credit and Finance Committees, as well as dividend payout and earning on shares. The study captured various standing committees in Nigerian deposit money banks and they influence the banks' owners' compensation. Risk Management, Audit, and Human Resource Committees go in different direction with the dividends. However, Credit and Finance goes in the same linear direction with dividend per share in Nigerian banking industry. Similarly, Risk Management, Audit Committee and Human Resource Committee go in different direction with the dividend on the shares of the banks' owners. However, Credit and Finance Committee goes in the same linear direction with dividend per share in Nigerian banking industry. This implies that Credit and Finance Committee is the only standing committee in the Nigerian banking industry that could influence the wealth of the shareholders of the banks. The better the size and capability of Credit and Finance Committee, the higher the financial rewards to be given to the owners of banks in terms of dividend per share and earnings per share.

The findings of the study corroborates with the findings of Ibrahim, et al. (2018); Chenini and Jarboui (2018); Adusei

(2011). However, the findings disagree with the reports of Ibrahim and Danjuma (2020); Dzingai and Fakoya (2017); Georgantopoulos and Filos(2017); Emeka and Alem (2016)

4.4 Summary of Findings, Recommendation and Conclusion

It has been demonstrated that Audit and Human Resource Committees have significant effect on dividend per share; and that board operational strategies do not have significant effect on earnings per share in Nigerian banking industry. Based on this, the study recommends that the capability of committee members for Credit and Finance should be increased so that the shareholders of the banks will continue to experience high rewards on their investments in the banking industry. Also, there is the need to adjust the job description of the Risk Management, Audit and Human Resource Committees in such a way that the committees will influence the earnings and dividend paid to the shareholders. Deposit money banks in Nigeria should consider the reward for the shareholders when creating or setting up standing committee for the operational activities.

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