Impact of Corporate Governance on Firms Financial Performance: A Study of Quoted Banks in Nigeria

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ABSTRACT

This study evaluated the Impact of Corporate Governance on Firms Financial Performance in Nigeria Quoted Banks in order to determine the Banks Financial Performance before and after the introduction of Code of Corporate Governance in Nigeria. The main objective of this study is to evaluate Board Composition with a view to determining its impact on Firms Financial Performance. Board Composition was used as measure of Corporate Governance while Return on Capital Employed (ROCE), was used to operationalize Financial Performance. The study is anchored on Shareholders theory. The Population of this study comprised fifteen (15) banks whose shares are quoted on Nigeria Stock Exchange. Judgmental sampling technique was used to select seven (7) banks from the entire Population of the study (which makes up the sample size). Data were obtained from secondary source (published financial statements of the selected quoted banks) covering the periods of 2003-2014. The method of data analysis utilized was Ordinary Least Squares Regression Analysis. A model was formulated. The findings from this study showed that Board composition has a negative, though insignificant impacts on ROCE during the 2003 - 2008 period (p_1) and during the 2009 - 2014 period (p_2), In conclusion, the way in which corporate governance is organized differs among countries, depending on the economic, political and social contexts. We therefore recommend that the directors of board should adhere to CBN regulations and guidelines in bank management, with this, they can achieve their aim and shareholders confidence will be restored, on the board

Keywords: Corporate Governance, Bank Performance and Quoted Firms

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INTRODUCTION

Corporate governance refers to the management of an entity affairs in the interest of the shareholders and other stakeholders. It is also concerned with the creation of a balance between economic and social goals and between individual and communal goals. To achieve this, there is the need to encourage efficient use of resources, accountability in the use of power, and, the alignment of the interest of the various stakeholders, such as, individuals, corporations and the society. Corporate governance is now widely accepted as being concerned with improved entity's performance. Viewed from this perspective, corporate governance is all about accountability, boards, disclosure, investor involvement and related issues. It therefore suggests that the composition of the board will determine to a larger extent, the financial performance of an entity. This is because financial performance is a function of decision made by the directors and other arm of the corporate governance. These include Audit committee, Risk management committee and Remuneration committee to mention few. Based on this premise, the study intends to evaluate the extent to which Board Composition impact financial performance.

Objective of the Study

To determine the impact of Board Composition on the value of Return on Capital Employed (ROCE) in quoted banks in Nigeria

Research Hypothesis

Board Composition has no significant impact on the value of return on capital employed

Review of Related Literature

Corporate Governance

The term Corporate Governance refers to the rules, processes or laws by which institutions are operated, regulated and governed. It is developed with the primary purpose of promoting a transparent and efficient banking system that will engender the rule of law and encourage division of responsibilities in a professional and objective manner. Effective corporate governance practices provides a structure that works for the benefit of stakeholders by ensuring that the enterprise adheres to accepted ethical standards and best practices as well as formal laws (CBN, 2014). In the context of this research, it refers to rules and regulations that guide the operations of banks. Accordingly, the aim of corporate governance centers at ensuring that organizations are managed in the best interest of investors and other stakeholders.

Corporate Governance Structure

Source: Adapted from George and Karibo, 2014

Board Composition:

Board composition refers to the number of independent non-executive directors on the board relative to the total number of directors. An independent non-executive director is defined as an independent director who has no affiliation with the firm except for their directorship (Clifford & Evans, 1997). There is an apparent presumption that boards with significant outside directors will make different and perhaps better decisions than boards dominated by insiders. Fama & Jensen, 1983 (as cited in Bansal & Sharma, 2016) suggest 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 improved firm performance. Bocean, 2001, (as cited in Mirza & Javed, 2013) gave five principles of corporate governance:

i. Protection of shareholders' rights
ii. Equitable treatment of shareholders
iii. Protection of stakeholders' rights
iv. Proper disclosure and transparency
v. Fulfillment of responsibilities by board

Board Size

Board size refers to the number of people on the board- executive or non- executive directors. The Central Bank of Nigeria's Code of Corporate Governance for Banks and Discount Houses in Nigeria (2014) recommends that the number of non-executive directors should be more than that of executive directors subject to a maximum board size of 20 directors. This is considered to be a crucial characteristic of the board structure. Large boards could provide the diversity that would help companies to secure critical resources and reduce environmental uncertainties. Olayinka (2010) opines that this positively affects performance by reducing high earnings management, restatements and fraud. Fama & Jensen, 1983 (as cited in Bandsal & Sharma, 2016) argue that the increase in the number of the members of the board slows down the decision-making processes of the firm, causing the board to pass off the problems, thus, leading to a decrease in firm value and effectiveness. Lipton and Lorsch (1992) suggested that as size of the board grows, the decision-making processes will slow down and this will cause communication problems and impacts the firm's performance negatively.

Board Size and Composition as prescribed by CBN, 2014

a. The size of the Board of any bank or discount house shall be limited to a minimum of five (5) and a maximum of twenty (20).
b. Members of the Board shall be qualified persons of proven integrity and shall be knowledgeable in business and financial matters, in accordance with the extant CBN Guidelines on Fit and Proper Persons Regime.
c. The Board shall consist of Executive and Non-Executive Directors. The number of Non-Executive Directors shall be more than that of Executive Directors.

d. The Board of banks shall have at least two (2) Non-Executive Directors as Independent Directors while that of discount houses shall have at least one (1) as defined in the CBN guidelines on the Appointment of Independent Directors

Firm Financial Performance

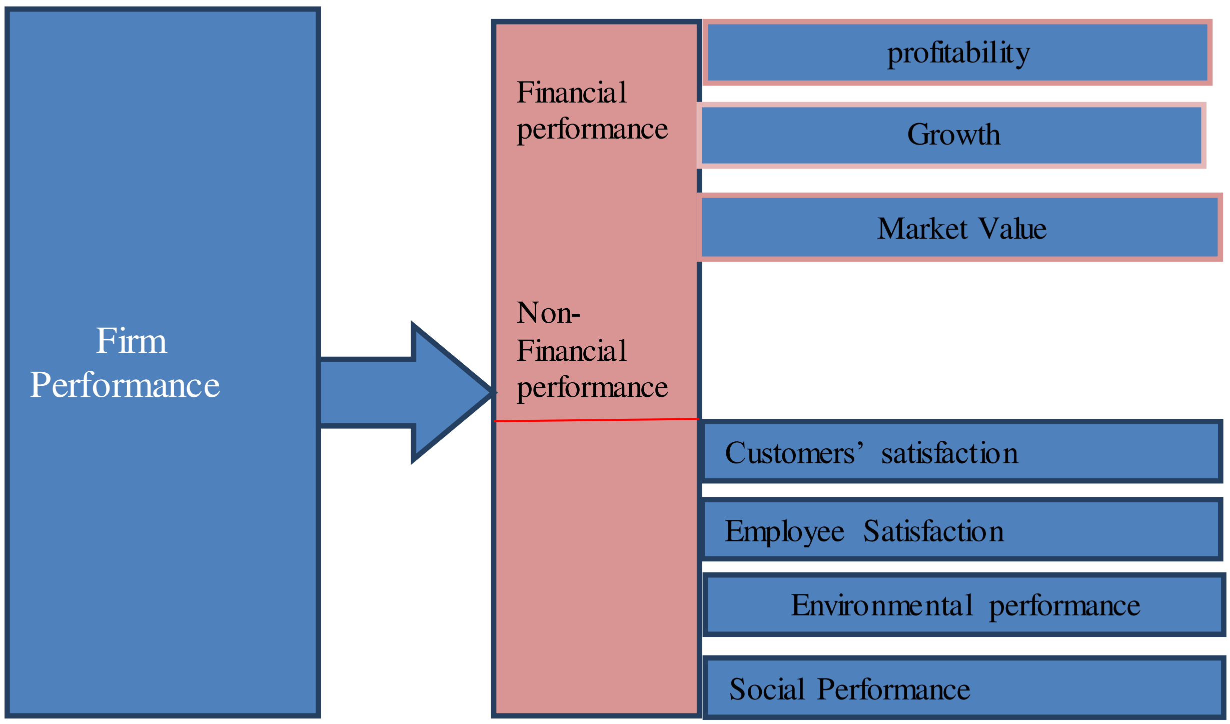
Firm Financial Performance is a subjective measure of how well a firm can use assets from its primary mode of business and generate revenues. This term is also used as a general measure of a firm's overall financial health over a given period of time, and can be used to compare similar firms across the same industry or to compare industries or sectors in aggregation. George and Karibo (2014) defined it as the success in meeting pre-defined objectives, targets and goal within a specified time target. Some of the aspects that must be considered when attempting to define performance are: time frame and its reference point. It is possible to differentiate between past and future performance. And it has been shown that past superior performance does not guarantee that it will remain superior in the future (Santos & Brito, 2012).

Aspects of Firm Performance

Santos and Brito (2012) identified the Superior financial performance, which can be represented by profitability, growth and market value, underpins corporate governance practice in organizations. Profitability is a measure of a firm's past ability to generate returns while growth demonstrates a firm's past ability to increase its size. Increasing size, even at the same profitability level, will increase its absolute profit and cash generation. This, according to thier research, goes to show that larger firm size can bring economies of scale and market power, leading to enhanced future profitability. Market value, on the other hand, represents the external assessment and expectation of firms' future performance, which must have a correlation with historical profitability and growth levels, while incorporating future expectations of market changes and competitive moves.

The non-financial performance facets are: Customers' Satisfaction, Employees' Satisfaction, Environmental Performance and Social Performance. But the study focus on Financial Performance aspect (profitability). This is shown below:

Firm Performance Multi- dimensional Model



Source: Field Research, (2016)

Return on Capital Employed (R.O.C.E)

ROCE is one of the several profitability ratios used to evaluate a company's performance. It is designed to show how efficiently a company makes use of its available capital, by looking at the net profit generated in relation to every dollar of capital utilized by the company. This ratio does not concern itself with external investment or the earnings from such investment. It seeks to ascertain the level of profit made by the firm as a going concern. It is expressed as

$$\frac{\text{Profit before interest and taxes} - \text{Income from external investment}}{\text{Share Capital} + \text{debt} + \text{Reserve} - \text{external investment}}$$

THEORETICAL FRAMEWORK

Experts in corporate governance have identified the Agency theory, stakeholder's theory and Shareholders theory as the three prominent theories of corporate governance, which are briefly discussed below.

Agency theory:

According to Egbunike and Abiahu (2017, p. 27), "Agency theory has been widely used in literature to investigate the information asymmetry between principals (shareholders) and agent (management)". The advent of Modern Corporation created a separation between ownership and control of wealth (Berle & Means, 1932). This is because as firms grow beyond the means of a single owner, who may be incapable of meeting the rapidly increasing obligations of the firm, there is the tendency that the ownership structure of the business will grow also with the attraction of new investors. As the firm continues to grow, the owners of the enterprise employ some professional executives to help them run the enterprise efficiently on a day to day basis. This arrangement creates a relationship in which the owners of the business become the principals and the executives, whom they contracted to help manage their firms, the agents.

Agency theory argues that as firms grow in size the shareholders (principals) lose effective control, leaving professional managers (agents), have more information than principals to manage the affairs of the business. Often times, this transfer of firm‘s control from principals to agents, creates a moral hazard which results in a situation where, to maximize their own wealth; agents may face the dilemma of acting against the interests of their principals. Since principals do not have access to all available information at the time a decision is being made by an agent, they are unable to determine whether the agent's actions are in the best interest of the firm. (Jensen and Meckling (1976) cited in Egbunike and Abiahu (2017))

When the interests and utility functions of the self-serving agents coincide with those of the principals, agency problem will not exist. However, when there is divergence, agency costs are incurred by the principals because the agents will want to maximize their own utility at the expense of the principals.

Stakeholders' Theory

The stakeholders' theory was adopted to fill the observed gap created by omission found in the agency theory which identifies shareholders as the only interest group of a corporate entity. Within the framework of the stakeholders' theory, the problem of agency has been widened to include multiple principals (Sand, Garba & Mikailu, 2005). The stakeholders' theory provides that the firm is a system of stakeholders operating within the larger system of the host society that provides the necessary legal and market infrastructure for the firm's activities. (Aminu, Aisha & Mohammad, 2015). The stakeholders' theory attempts to address the questions of which group of stakeholders deserve the attention of management. The stakeholders' theory proposes that companies have a social responsibility that requires them to consider the interest of all parties affected by their actions. The original proponent of the stakeholders' theory suggested a re-structuring of the theoretical perspectives that extends beyond the owner- manager-employee position and recognizes the numerous interest groups. Freeman, Wicks & Parmar (2004), suggested that: "If organizations want to be effective, they will pay attention to all and only those relationships that can affect or be affected by the achievement of the organizations purpose".

Shareholders Theory

Shareholder value theory is the dominant economic theory in use by business. Maximizing shareholder wealth as the purpose of the firm is established in our laws, economic and financial theory, management practices, and language. Business schools hold shareholder value theory as a central tenet. Nobel Laureate Milton Friedman (1970) strongly argues in favor of maximizing financial return for shareholders. His capitalistic perspective clearly considers the firm as owned by and operated for the benefit of the shareholders. He says 'there is one and only one social responsibility of business - to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud. Friedman's statements reflect three fundamental assumptions that lend support to the shareholder view of the firm. The first is that the human, social, and environmental costs of doing business should be internalized only to the extent required by law. All other costs should be externalized. The second is that self-interest as the prime human motivator. As such, people and organizations should and will act rationally in their own self-interest to maximize efficiency and value for society. The third is that the firm is fundamentally a nexus of contracts with primacy going to those contracts that have the greatest impact on the profitability of the firm.

Having reviewed the above theories, this study is anchored on shareholders theory, because the goal of the firm is to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud in order to maximize shareholders wealth. The Board of directors is accountable and responsible for the performance and affairs of the bank. Specifically, and in line with the provisions in the Companies and Allied Matters Act (CAMA) 2004, directors owe the bank the duty of care and loyalty and to act in the interest of the bank's employees and other stakeholders

EMPIRICAL REVIEW

Olayinka, (2010) investigated the Impact of Board Structure on Corporate Financial Performance in Nigeria. This study examines the impact of board structure on corporate financial performance in Nigeria. It investigates the composition of boards of directors in Nigerian firms and analyses whether board structure has an impact on financial performance, as measured by return on equity (ROE) and return on capital employed (ROCE). Based on the extensive literature, four board characteristics (board composition, board size, board ownership and CEO duality) have been identified as possibly having an impact on corporate financial performance and these characteristics are set as the independent variables. The Ordinary Least Squares (OLS) regression was used to estimate the relationship between corporate performance measures and the independent variables. Findings from the study showed that there is strong positive association between board size and corporate financial performance. Evidence also exists that there is a positive association between outside directors sitting on the board and corporate financial performance. However, a negative association was observed between directors' stockholding and firm financial performance measures. In addition, the study reveals a negative association between ROE and CEO duality, while a strong positive association was observed between ROCE and CEO duality.

In another study, carried out by Akingunola, Adekunle and Adedipe (2013) on Corporate Governance And Bank's Performance in Nigeria (Post – Bank's Consolidation), they considered estimated models. Binary probit was adopted to test the covariance matrix computed on structured questionnaire to bank's clients and it was discovered that the variables such as independence, reliance, and fairness helps in the effective performance of banks but the major significant ones in this consolidation period are accountability and transparency of bank's staff.

Also, least square regression analysis was adopted to convey the relationship between bank deposits and bank credit. The estimation of the developed model was found that banks total credit was positively related but not significantly determinant factors of bank's performance, and bank deposit was found to be positively related to bank performance but was

In a related research conducted by George and Karibo (2014) on Corporate Governance Mechanisms and Financial Performance of Listed Firms in Nigeria: A Content Analysis, the study adopted a content analytical approach to obtain data through the corporate website of the respective firms and website of the Securities and Exchange Commission. A total of 33 firms were selected for the study cutting across three sectors: manufacturing, financial and oil and gas. The result of the study showed that most of the corporate governance items were disclosed by the case study firms. The result also showed that the banking sector has the highest level of corporate governance disclosure compared to the other two sectors. The result thus indicates that the nature of control over the sector have an impact on companies' decision to disclose online information about their corporate governance in Nigeria; and that there were no significant differences among firms with low corporate governance quotient and those with higher corporate governance in terms of their financial performance.

METHODOLOGY

Research Design

The research design adopted for this study is ex-post facto research design. The choice of this design was chosen because the researchers are reporting what is already in existence (that is published financial statements).

Population of the Study

The population of the study consist of all universal banks whose shares are quoted on the Nigeria Stock Exchange as at 31st December 2015 (which are 15, out of the 21 banks operating in the country).Therefore, the population size is 15 banks. The data for this study are limited to the financial statement of listed banks whose annual reports are available on Nigeria Stock Exchange (NSE) under the period of study (2003 -2014). These periods are chosen base on the availability of data.

Sampling and Sampling Technique

This study employed purposive or judgmental sampling technique to select seven (7) commercial banks out of fifteen (15) banks operating currently in Nigeria. This selection is base only on banks whose shares are quoted on the floor of the Nigeria Stock Exchange (NSE) and whose financial statements are available. The technique is well suited for determining the sample as it provides an equal probability of selection and as such minimizes selection bias.

Source of Data

Secondary source of data was used for this research. The data were collected from financial statements of the seven (7) universal banks selected from the Nigerian Stock Exchange listing for the period of twelve (2003 – 2014) financial years.

Method of Data Analysis

The study utilized the Ordinary Least Squares Regression Analysis as the method of data analysis, having presented the descriptive statistics and the Pearson Correlation analysis.

Model Specification

The model for this study is in line with prior studies (Mansur and Ahmad, 2013, Becht, Bolton, and Olayinka , 2010) and is as specified below;

$$CG = f\,(ROCE,\ U) \quad \ldots \quad \ldots \quad \ldots \quad \ldots \quad (i)$$

In econometric form, the model is re-written as

$$BC \quad = \quad a + \beta_1\, ROCE + u \quad \ldots \quad \ldots \quad (ii)$$

where:

CG = Corporate Governance

BC = *Board Composition*

ROCE = *Return On Capital Employed*

S/N		Variable		Measurement
		ROCE	Return on Capital Employed	PBIT/NA
Source: *Researcher's Compilation (2016)*				
PBIT *= Profit before interest and tax;* ***PAT*** *= Profit after tax;* ***NA*** *= Net Assets*				

Analysis of Data

Descriptive statistics

	BC	***ROCE***
Mean	0.6139	0.2646
Median	0.6000	0.1321
Maximum	0.8750	3.4803
Minimum	0.3333	-5.9472
Standard Deviation	0.1026	0.9433
Sample Variance	0.0105	0.8898
Jarque-Bera	51.5667	22.2257
Prob	0	0
Observations	84	84

BC: *Board Composition;* ***ROCE:*** *Return on Capital Employed*
Source: *Researchers' Computation using E-views 7.0*

From the descriptive statistics of the variables as shown in table 1 above, it is observed that the mean value for board composition (BC) is 0.6139 which suggest that over 61% of the banks in the sample have their boards composed as required by the regulatory authorities while about 39% of the banks have a different composition. The standard deviation of 0.1026 indicates that the introduction of IFRS has improved the board composition as most of the banks' boards are now well composed. The Jacque-Bera-statistic of 51.5667and the p-value of 0.00 indicate that the series does not deviate from normality ($p<0.05$).

Finding

Board composition has a negative, though insignificant impacts on ROCE during the 2003 - 2008 period (p_1) and during the 2009 - 2014 period (p_2), (-0.024, - 0.001, $p_1 = 0.071 > 0.05$, & $p_2 = 0.962 > 0.05$).

Conclusion

Corporate Governance has become a popular discussion topic in developed and developing countries. The widely held view that corporate governance determines firm performance and protects the interests of shareholders has led to increasing global attention. However, the way in which corporate governance is organized differs between countries, depending on the economic, political and social contexts.This paper studies Corporate Governance variables (BC) and firms' performance variable (ROCE)

Recommendations

We recommend that the directors of board should adhere to CBN regulations and guidelines in bank management, with this, they can archive their aim and shareholders confidence will be restored, on the board. We also advise the companies to have more independent directors within the benchmark for the number of directors. This is supported by Baysinger and Butler (1985).

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APPENDIXES

Appendix 1: Raw Data

		Corporate Governance			Firm Performance				
BANKS	YEARS	NED	ED	TD	PBT	PAT	EQUITY	TOTAL ASSET (N000)	NET ASSET
ACCESS	2014	10	6	16	46,142,422	39,941,126	274,155,786	1,981,955,730	185,836,455
	2013	9	7	16	31,365,396	26,211,844	245,181,998	1,704,094,012	182,504,814
	2012	10	6	16	37,028,147	36,353,643	1,515,754,463	1,515,754,463	179,173,173
	2011	10	6	16	12,141,462	5,248,866	185,836,455	949,382,097	175,841,532
	2010	9	7	16	17,668,584	12,931,441	182,504,814	726,960,580	172,509,891
	2009	8	8	16	23,195,706	20,614,016	179,173,173	504,539,063	169,178,250
	2008	8	7	15	28,722,828	28,296,591	175,841,532	282,117,546	165,846,609
	2007	6	6	12	8,043,165	6,083,439	28,384,891	328,615,194	162,514,968
	2006	6	6	12	1,119,449	737,149	28,893,886	174,553,866	159,183,327
	2005	6	3	9	751,033	501,515	14,071,924	169,178,250	155,851,686
	2004	3	4	7	951,750	637,473	2,702,830	165,846,609	152,520,045
	2003	3	4	7	810,639	556,573	2,365,357	161,152,318	149,188,404
Diamond	2014	10	6	16	24,413,014	22,057,198	205,660,767	1,750,270,423	205,660,767
	2013	10	6	16	33,250,472	29,754,520	138,303,224	1,354,930,871	138,303,224
	2012	9	6	15	27,481,541	22,108,084	85,981,016	1,178,103,754	10,885,572
	2011	9	6	15	179,597,333	17,964,929	105,310,679	796,231,792	85,981,016
	2010	10	6	16	9,468,016	6,522,455	116,881,159	548,402,560	116,881,159
	2009	10	6	16	9,055,793	4,883,446	110,358,704	604,000,914	110,358,704
	2008	10	6	16	15,059,114	11,822,011	116,983,008	603,326,540	116,983,008
	2007	10	6	16	8,792,775	6,930,754	53,891,777	312,249,722	53,892,227
	2006	8	6	14	5,292,194	3,849,545	34,969,570	223,047,862	34,969,570
	2005	8	6	14	3,522,317	2,526,552	20,709,850	124,994,957	20,709,850
	2004	8	6	14	1,161,746	833,498	6,751,094	69,061,679	6,751,094
	2003	6	4	10	3,173,770	145,113	5,206,636	59,295,392	5,206,636

	2014	7	1	8	5,683,000	5,683,000	278,180,000	287,770,000	27,818,000
	2013	7	1	8	70,631,000	70,631,000	308,101,000	311,811,000	308,101,000
	2012	5	1	6	(819,000)	(819,000)	269,893,000	270,977,000	269,893,000
	2011	10	9	19	52,528,000	47,462,000	373,572,000	2,463,543,000	375,572,000
First Bank	2010	10	9	19	33,537,000	32,123,000	345,922,000	1,962,444,000	345,922,000
	2009	7	5	12	46,110,000	35,074,000	351,054,000	1,667,422,000	351,054,000
	2008	7	5	12	3,802,000	30,473,000	339,847,000	1,165,461,000	339,847,000
	2007	9	7	16	22,097,000	18,355,000	77,351,000	762,881,000	77,351,000
	2006	8	7	15	19,831,000	6,053,000	60,980,000	540,129,000	60,980,000
	2005	3	6	9	15,145,000	12,184,000	44,672,000	377,496,000	44,672,000
	2004	3	6	9	14,106,000	11,096,000	38,621,000	31,249,000	38,621,000
	2003	8	7	15	13,393,000	10,323,000	25,040,000	320,578,000	25,040,000
Fidility Bank	2014	9	6	15	15,515,000	13,796,000	173,111,000	1,187,025,000	173,111,000
	2013	9	6	15	9,028,000	7,721,000	163,455,000	1,081,217,000	163,455,000
	2012	11	6	17	21,349,000	17,924,000	145,972,000	737,732,000	145,972,000
	2011	11	6	17	1,474,000	3,911,000	146,852,000	497,553,000	146,852,000
	2010	10	6	16	6,831,645	4,833,101	36,982,179	650,318,227	36,982,179
	2009	10	6	16	3,074,418	2,027,677	31,850,169	362,098,549	31,850,164
	2008	10	3	13	15,795,951	12,986,570	135,863,988	533,122,233	135,863,988
	2007	10	3	13	4,403,393	4,160,007	29,757,000	217,144,465	29,757,000
	2006	11	3	14	1,650,499	1,305,854	25,596,993	119,985,801	25,596,993
	2005	11	3	14	3,587,300	3,162,347	9,723,548	34,953,351	9,723,548
	2004	11	3	14	5,524,101	5,018,840	6,149,897	25,079,099	6,149,897
	2003	11	3	14	7,460,902	6,875,333	2,023,342	13,111,549	2,023,342

GTB	2014	21	6	27	110,367,851	93,431,604	369,530,326	2,126,608,312	369,530,326
	2013	21	6	27	100,461,729	85,545,510	329,646,681	1,904,365,795	329,646,681
	2012	7	4	11	100,141,667	64,745,101	288,153,630	1,620,317,223	288,153,630
	2011	7	4	11	64,745,101	51,653,251	216,445,185	1,083,304,116	216,445,185
	2010	8	6	14	47,568,458	39,320,255	214,223,531	1,168,052,897	220,254,216
	2009	8	6	14	35,012,534	28,603,078	193,124,102	1,079,516,749	198,266,041
	2008	8	6	14	34,457,066	28,073,252	179,550,725	921,817,327	179,550,725
	2007	8	6	14	27,198,704	21,489,885	161,053,064	717,999,797	161,053,064
	2006	10	4	14	10,024,936	7,905,506	36,445,542	305,080,565	36,445,542
	2005	10	4	14	7,004,243	5,330,796	33,468,036	167,897,704	33,468,036
	2004	10	4	14	5,029,725	4,056,557	11,617,978	119,698,240	11,617,978
	2003	10	5	15	3,802,500	3,211,439	9,661,421	83,310,731	9,661,421
WEMA	2014	10	7	17	3,093,940	2,372,445	43,768,649	382,562,312	43,768,649
	2013	10	7	17	1,947,308	1,596,531	41,395,151	330,872,475	41,395,151
	2012	7	5	12	(4,942,211)	(5,040,629)	(5,040,629)	221,157,042	6,268,131
	2011	7	5	12	(3,770,021)	(4,228,926)	(4,228,926)	199,348,267	10,512,746
	2010	10	4	14	12,964,108	16,238,533	14,837,275	203,144,627	14,837,276
	2009	14	7	21	(3,309,254)	(2,094,692)	(45,499,114)	142,785,723	(45,499,114)
	2008	14	7	21	(1,582,616)	(2,027,917)	(15,835,503)	112,426,819	(15,835,504)
	2007	10	7	17	1,878,698	255,409,800	251,827,500	165,081,532	251,827,050
	2006	10	7	17	(7,200,230)	660,196,100	205,400,100	120,109,067	205,400,010
	2005	5	4	9	1,016,230	844,285,000	242,588,600	97,909,060	242,588,600
	2004	5	4	9	1,420,019	967,148,000	804,034,800	71,423,836	804,034,800

	2003	9	4	13	2,286,027	144,777,500	721,539,300	61,323,432	72,153,930
UBA	2014	6	5	11	42,378,000	40,083,000	40,083,000	2,338,858,000	281,933,000
	2013	6	5	11	51,841,000	46,483,000	46,483,000	2,217,417,000	259,538,000
	2012	10	7	17	46,180,000	47,375,000	220,317,000	1,933,065,000	220,317,000
	2011	10	7	17	(26,468,000)	(7,966,000)	187,356,000	1,440,724,000	187,356,000
	2010	10	7	17	3,693,000	2,167,000	187,730,000	1,432,632,000	187,730,000
	2009	10	7	17	15,964,000	12,889,000	187,719,000	1,400,879,000	187,719,000
	2008	10	5	15	54,637,000	40,002,000	188,155,000	1,520,093,000	188,155,000
	2007	10	5	15	28,615,000	19,831,000	164,821,000	1,102,348,000	164,821,000
	2006	8	7	15	12,514,000	11,469,000	47,621,000	851,241,000	47,621,000
	2005	8	7	15	6,239,000	4,653,000	17,702,000	248,928,000	19,378,000
	2004	10	14	24	5,608,000	4,185,000	18,059,000	208,806,000	21,444,000
	2003	10	5	15	4,977,000	3,717,000	18,416,000	168,684,000	23,510,000

Appendix 2

Descriptive statistics

	BC	*ROCE*
Mean	0.6139	0.2646
Median	0.6000	0.1321
Maximum	0.8750	3.4803
Minimum	0.3333	-5.9472
Standard Deviation	0.1026	0.9433
Sample Variance	0.0105	0.8898
Jarque-Bera	51.5667	22.2257
Prob	0	0
Observations	84	84

BC: *Board Composition;* ***ROCE:*** *Return on Capital Employed*
Source: *Researchers' Computation using E-views 7.0*