Innovations

Empirical Analysis of Board Ownership Spread and Financial Performance of Listed Firms in Nigeria

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Abstract

This study investigated the relationship between board ownership spread and corporate performance. It is specific objective was to investigate the relationship between board ownership spread and return on Equity of listed hospitality firms in Nigeria. The study adopted the triangulation approach while adopting the causal and ex-post facto research design. Data was gathered from secondary sources. Data were sourced from annual reports of the companies available at the Nigerian stock Exchange (websites). The population of the study consist of hospitality firms in Nigeria Exchange Group as at December 2020, they are nine (9) in number. The population for this study is listed hospitality firms in Nigeria.The sampling technique used was purposive sampling technique where by nine (9) of the listed firms were chosen for the study for the periods 2012- 2020. Data were subjected to several tests to ascertain robustness and reliability of results. One model was developed and tested. Descriptive analysis, regression and correlation analysis were used for analyzing the data gathered and testing of hypothesis. These were done with the aid of Statistical package for social sciences (SPSS) software. The study result indicated that Board Ownership spread has a very weak, positive and insignificant relationship with return on asset of hospitality firms in Nigeria. The study concluded that board ownership has a weak and insignificant relationship with financial performance, thus the need for cautions approach in constituting governing council boards. The study recommended that llisted hospitality firms should ensure that there is variety in their board ownership. They should have the right or optimal mix of executive and non-executive directors so that they would be balance in the board's ability to oversee the activities of the management in other to achieve improved financial performance.

Keywords: *Board Ownership, Financial Performance, Hospitality firms, Nigeria, Return on Equity,*

1. Introduction

Financial performance is the company's financial condition over a certain period that concerns about collection and use of funds measured by various indicators of capital adequacy ratio, liquidity, leverage, solvency and profitability. The company's ability to manage and control its resources is term financial performance (Veena& Patti 2016). Financial performance measures how well a firm uses its resource to make a profit and it is a vital tool to several stakeholders in a firm. Financial performance therefore is crucial to any business organization's survival and continuous patronage by investors, potential investors, creditors and other stakeholders in the business world. These stakeholders include creditors, bond holders, investors, employees and management. The various groups have its own interest in tracking the financial performance of a firm through the financial statement. While the importance of better financial performance by an organization cannot be overemphasized, looking at listed firms especially the hospitality firms, there have been declining performance given the wake of Covid 19 and Post Covid 19.

According to Adegboyegun and Igbokoyi (2022), the hospitality industry globally has suffered severe decline in financial performance in the wake of global pandemic (COVID 19), as such the need for measures that will help them mitigate this situation including the issue of corporate governance and in particular a well and effective board structure and ownership spread. Globally,
travel and tourism sector are among the most affected sectors of the pandemic, with flights grounded, hotels closed, workers have either lost their jobs or on furlough, and travel restrictions put in place in virtually all countries around the world. In financial terms, the aviation industry recorded $830bn in revenues in 2019, out of the projected expected revenue of about $872bn the full year 2020, resulting to a loss of about $113 bn in 2020 (Proshare, 2020).

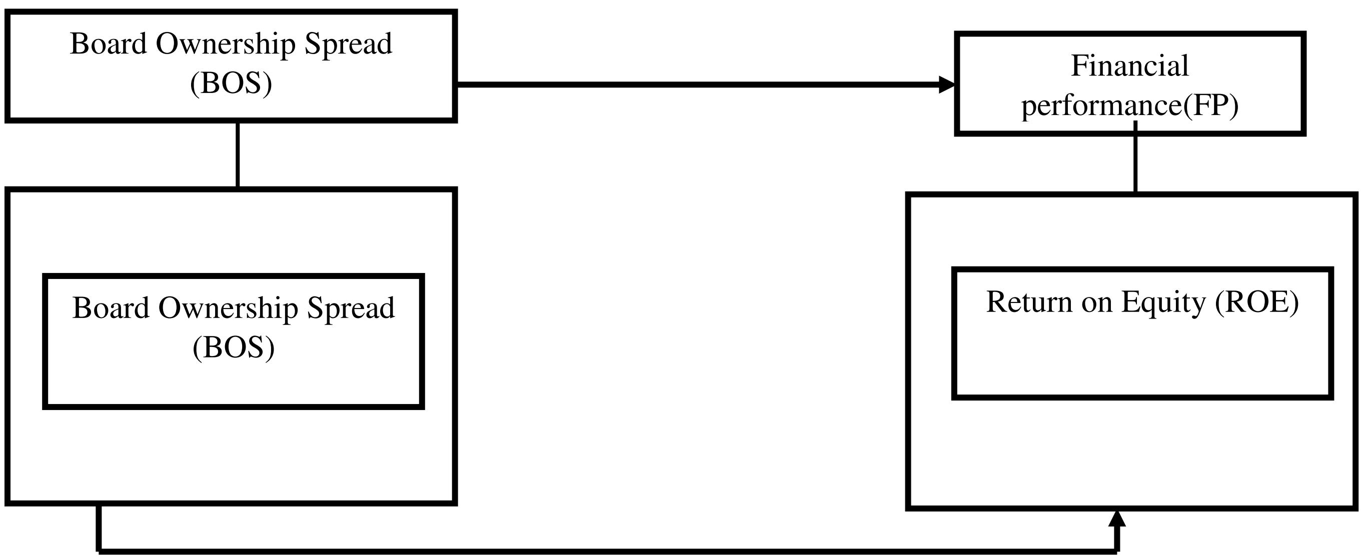
Within Africa, the impacts were huge. In Nigeria, it was projected that there will be 3.5m fewer passengers resulting in a revenue loss of $0.76 bn and risking the loss of 91,380 jobs and $ 0.65bn contribution to Nigeria's GDP. Nnodim (2021) documented that the tourism industry in Nigeria lost 770,000 jobs as a result of the outbreak of the COVID-19 pandemic and its effect across the country, according to the World Travel and Tourism Council.Furthermore, it stated that in monetary terms, about $4.5tn was lost by the industry globally due to the impact of the deadly virus. Bello and Bello (2021) documented that the growth rate of Nigeria's hospitality industry in pre Covid-19 era was unprecedented. For instance, Hotels been one of the critical industries in the Nigeria hospitality industry attracted significant investment put at over US$3 billion in the last three years (PricewaterhouseCoopers, 2017; Bello, 2018).). In terms of contribution to the GDP, hotel industry contributed N1.7billion ($US 5.5 million) put at 4.8% to the Nigeria's Gross Domestic Product (GDP) in 2016 (Ekwujuru, 2016; Jumia Travel, 2017). The industry generated 651,000 jobs directly in 2015 put at 1.6% of total employment in the country and another 1.6% in 2016 worth N661,000. The Fast-food industry, another component of the sector generated annual revenue of N230 billion and taxes in excess of a billion naira to the Nigeria industry (Bukola, 2017). Comparing the performance pre covid and that of Post covid indicated that there have been a declining financial performance, and hence the need for restructured corporate governance structures so that the firms could be back on track on the part of better performance.

In other words, for a corporate organization especially the hospitality firms in Nigeria, a sound board structure with emphasis on board ownership spread has to be on board to manage a firm as to attend a good financial performance-therefore the purpose of this study, the financial performance that will be used is return on equity. The justification for choosing these performance measure is that the few work on board structure and corporate financial statement of listed hospitality firms in Nigeria has been tested on several other financial indicators.However, previous works have addressed the influence of the board structure on firm performance, but majority of the studies are done in developed economies such as the United States of America (USA) and the United Kingdom (UK) and few in developing economies such as Nigeria. Adegboyegun and Igbokoyi (2022), Ironkwe and Emefe (2019), Nigeria. AchionBorlea and Marc, (2016) India. While majority of these are foreign based research studies, hence a very little interest on board ownership spread and financial performance of the listed hospitality firms were done in Nigeria. Those within Nigeria were majorly done within the sectors of insurance, banking, manufacturing etc, but leaving out the hospitality and Tourism sector especially in the wake of the global pandemic. In attempt to bridge the cap, this study on board ownership spread and financial performance of listed hospitality firms in Nigeria covering years of 2012 – 2020 in order to achieve the objective.

1.1 Conceptual Framework.

In this study, the conceptual framework as shown in figure 1.1 shows the relationship of the independent and dependent variables. The independent variable of the study includes Board Ownership also serving as its dimension, while the dependent variable is financial performance with its measure as Return on Equity (ROE).

Figure1.1 Conceptual Framework



Source Borlea et al., (2017),

1.2 Objective of the study

- To evaluate the relationship between board Ownership Spread and return onequity of listed hospitality firms in Nigeria.

1.3 Research Question

The study attempts to find answers to the following specific question?

- What is the relationship between board Ownership Spread and Return on Equity of listed hospitality firms in Nigeria?

1.4 Research Hypotheses

- $\mathbf{H_{o1}}$There is no significant relationship between board Ownership and return on Equity of listed hospitality firms in Nigeria

2. Review of Related Literature

2.1 Board Ownership

According to Jensen and Meckling (1976), ownership structure is defined by the distribution of equity with regards to votes and capital as well as the identity of the equity owners. Hence, ownership structure of any company has been a serious factor for company's financial performance. In addition, the financial performance of many organizations has been largely linked to their ownership structure over time as it provides funding through owner's equity. However, the type of ownership structure a firm adopts is focused on the vision of the company. Ownership structure, as a mechanism in corporate governance to facilitate increased efficiency of a firm, has been believed to have also affected firm performance. Ownership structure ranges from individual to collective, this causes new problems in the area of financial resource management. Berl and Moses (1932) considered it as agency problem (Morsy et al, 2008) opined that this may cause conflict of interest and agency problems. More so, ownership structure is closely connected with the conflicts that can affect the operating performance of the firm. Morey et al (2008) opined that these conflicts of interest might cause agency problem. As a company's ownership structure changes and ownership is separated from control, incentive alignment problems become evident.

According to Benerji (2017), the leading study carried out by Berle and Means (1932) debated that widespread ownership declines the actual ability of shareholders to monitor and control the company management. Ownerships structure is associated with concentrated ownership, managerial ownership and institutional ownership. Previous studies investigated the relationship between ownership of board structure and their relatives and firm performance. Horner (2010) argues that the increase of directors' ownership leads to support on the management entrenchment to arrive at the best performance. Liang (2009) found a strong positive impact of board structure' ownership on firm performance at medium and low level, due to the effectiveness of monitoring.

Ownership concentration reduces agency costs emerging from the separation of ownership and control, as large shareholders have strong reasons to monitor management which sequentially improve performance (Jensen &meckling, 1976). As highly concentrated ownership is likely to change the agency problem from principal-agent conflict to principal-principal conflict (Bebchuk&Weisbach, 2010). Mostly, whenever external mechanisms of corporate governance are weak, the monitoring influence of ownership concentration is essential. (Filatotcher et. al, 2013).

However, when a firm performs weakly, large shareholders may decrease their stake to reach more diversified individual portfolio (Yabei&Izunida, 2008). Under agency models, managers may have incentives to make decisions in their own interest, but not necessarily in the interests of shareholders. Accordingly, shareholders will take actions to alleviate agency costs and control the managers as such costs may reduce the firm value. Concentrated ownership structure suggests more control and monitoring of the firm's performance from the outside owners as opposed to the decisions made at the managerial level. Firms with concentrated structures are more susceptible to direct or indirect governance from the majority shareholders in relation to key decision-making procedures such as the election of the board members and replacement of crucial executives such as the company's CEO (Financial Times, 2016). Concentrated ownership structure also offers the firm with the economics of scale such as quick decision making in procedures that would otherwise take a substantial amount of time having to deliberate on. On the contrary, firms with low ownership concentration will express little resources within the firm to pay attention to important decisions of the firm. Previous findings regarding the relationship of ownership concentration to corporate performance have mixed results. While, Pham et al., (2011) and Schult et al., (2010) found an insignificant relationship for the Australian business environment, the relationship is significant of the

Japanese business environment (Yabei&Izumida, 2008) and for the Singapore and Vietnamese business environment (Nguyen, et al., 2015).

Managerial ownership refers to the ownership structure controlled by top management or an ownership fraction or stake in a firm that is held by managers. Managerial ownership is not only meant to increase the equity of the organization but also to serve as incentives to managers to align managers' interests with those of the interests of the organization. Accordingly Jensen and Meckling (1976) stressed that management ownership may mitigate agency problems, since managers with a large share have more incentives to improve performance. Toal and Ruenzi (2014) researched on the correlation between managerial ownership and stock market performance. The study revealed that managerial ownership can alleviate the negative impact of weak governance, because it reduces empire building and manages their companies more efficiently. Managerial ownership can be used to induce managers to proceed in a way appropriate to the interests of shareholders. Consequently, Kim and Lu (2011) opines that the correlation between management ownership and firm value depends on the strength of external governance, as managerial ownership and external governance are alternative to alleviate agency problem when ownership is low. Similarly, Kim and Lu (2011), and Chiang (2005) found that increased managerial ownership improves corporate performance, the very high levels of share ownership resulted in poor corporate performance by discouraging the manager from taking risks, unless alleviated by strong external governance.

Institutional ownership is the amount of a company's available stock owned by mutual or pension funds, insurance companies, investment firms, private foundations, endowment on behalf of others. This implies that institutions in general acquire large blocks of a firms' shares and can exert significant impact on their management. According to Smith (1996), established a positive relationship between institutional ownership and company performance measures as he provides evidence compatible with the prediction that the monitoring by institutional shareholders makes managers concentrate on performance rather than opportunistic behaviour or self-interest, however the impact of institutional ownership on corporate decision is determined by the proportion of ownership in the company. If institutional shareholders are high, hence they have more incentive to monitor a corporate manager. Vice versa, when institutions hold reasonably few shares in a corporation, there is less incentive to monitor.

Accordingly, institutional ownership with large stakes in large companies forces managers to provide better performance because large ownership leads to good corporate governance and effective legal protection. Yahaya and Lawal, (2018); and Lakshmi (2009) argued that institutional shareholders can decrease agency cost by the close monitoring of the performance and ensuring the shareholders' interests. Consequently, partitioning institutional investors into institutions that have appointed a representative to the board structure of the firms in which they have a block investment and institutions with a similar holding but without a representative on the board structure of the firms in which they have a block investment and institutions with a similar holding but without a representative on the board structure in the New Zealand, Navissi and Naiker (2006) finds that institutions with board representation have greater incentives to monitor management.

The Securities and Exchange Commission (SEC) has defined block holders as any investor with more than 5% equity stake in the firm. However, two main factors motivate large block ownership; concentrated control and private benefits. Institutional investors are a broad array of entities, including mutual funds, hedge funds, insurance companies, university and charitable endowment funds, pension funds, investment banks, investment advisors, and portfolio managers, their common trait is that they actively deploy the pooled capital of third party beneficiaries in the equity securities markets. Institutional investors today hold or at least control the purchase/sale and voting decision making over most of the outstanding shares in most large public corporations, and certainly most of the shares that actively traded in the markets. They play a significant role in corporate takeovers. Institutional shareholders frequently hold more than a majority of the target's shares and so have a large say in the outcome of the acquisition or merger vote. Mokhtari and Makerani (2013) point out that this group of owners can serve as a checking factor against opportunistic behaviour and earnings manipulation on the part of managers and help increasing firm valuation. Another study by Su et al., (2013) found that institutionality matters by restraining ultimate owners' expropriation behaviour.

Different types of institutional owners may have different impacts on firm strategies, including international and performance. Some scholars differentiate between pressure-resistant and pressure sensitive institutional investors, such as foreign financial institutions are unlikely to have strong business links with their portfolio firms and can have a strong influence on strategy choices. In contrast; pressure-sensitive investors, such as domestic financial institutions, likely have business relationship with investee firms and often have an obligation to support management's agendas. McConnelland Servaes (1990) in considering institutional ownership find a positive relationship between institutional ownership and firm performance using a cross-sectional samples of 1,173 firms listed on NYSE/AMEX in 1976 and another 1,093 firms in 1986. They further claimed that such a relationship reveals an efficient monitoring role assumed by institutional investors.

2.2 Concept of the Financial Performance

The financial performance is concerned with the whole health status of the company financial or otherwise or financial performance measures how well a firm uses it resources to make a profit and it is a vital tool to several stakeholders in a firm. The analysis of the performance of a firm is usually a bench on financial performance indicators, however a boarder view to the evaluation by the inclusion of non-financial performance indicators such as corporate social responsibility, organizational reputation, innovation technology etc. This research work would only take financial performance in consideration. Black et al., (2002) revealed that the company with a good system of corporate governance always reported better financial performance than those without good corporate governance. In the same Vein Jensen and Meckling (1976) shared the same view that good corporate governance system result in high financial returns. Firm performance is described by Dess et al. (2006); and Wachira (2014) is attributed to the effectiveness of the firm as the myriad of inner performance outcomes normally as a result of more effective process. However, in this study the proxy for the criterion variable is Return on Equity which is discussed in the next heading.

2.3 Return on Equity (ROE)

Common or ordinary shareholders are entitled to the residual profits. The rate of dividend is not fixed, the earnings may be distributed to shareholders or retained in the business. Nevertheless, the net profit after taxes represent their return. A return on shareholders' equity is calculated to see the profitability of owners' investment. The shareholders' equity or net worth will include paid – up share capital share premium and reserves and surplus less accumulated losses. Net worth can also be found by subtracting total liabilities from total assets. The return on equity is net profit after taxes divided by shareholders' equity which is given by net worth. According to Ana (2001) states that the higher the ratio return on equity (ROE) will increase the profit growth. Return on equity (ROE) indicates the profitability of own capital or often referred to as business profitability (Sawir, 2005).

$$ROE = \frac{Profit\ After\ Taxes}{Net\ Worth\ (Equity)} = \frac{PAT}{NVY} or\ \frac{Net\ income\ after\ tax}{Total\ Equity}$$

ROE indicates how well the firm has used the resources of owners. Infact, this ratio is one of the most important relationships in financial analysis. The earning of a satisfactory return is the most desirable objective of a business. The ratio net profit to owners' reflects the extent to which thus objective has been accomplished. This ratio is, thus, of great interest to the present as well as the prospective shareholders and also of great concern to the management, which has the responsibility of maximizing, the owners' welfare. The returns on owners' equity of the company should be compared with the ratios of other similar companies and the industry average. This will reveal the relative performance and strength of the company in attracting future investments. Return on equity (ROE) is the profitability ratio to measure the company ability to generate profit based on share capital owned by the company (Sartono, 2011).

2.4 Theoretical Framework

Stakeholders Theory

Stakeholder theory was first described by Dr. F. Edward Freeman a professor in the year 1984 which addresses morals and values in managing an organization. The stakeholder theory is one of the various approaches that try to explain or rationalize strategy of organizations. It has its main underpinning on the emphasis placed on the role of stakeholders of a firm in the pursuit of its objectives. Stakeholder's theory attempts to articulate a fundamental question in a systematic way; which groups are stakeholders deserving or requiring management attention, and which are not? (Englewood 1997). Muhsin et al., (2016), the theory assumes that firms are meant to recognize their responsibility to all those who are affected by all their operations. These individuals have a direct or indirect relationship with the firms, this means that they either can affect the firm or the firm can affect those (Freeman et al., 2004). This implies that it knowledge's the dynamic and complex relationships between organizations and their stakeholders and that these relationships involve responsibility and accountability (Gray et al., 1996). Stakeholder analysis enables identification of those social interest group to whom the business might be considered accountable, and therefore to whom an adequate account of its activities would be deemed necessary (Woodward & Woodward, 2001).

The stakeholders of a firm are viewed as being a critical factor to the survival of the organization. Managers must manage the organization for the benefit of the stockholders, ensuring that their rights are taken care of and they participate in decision making process (Fridman& Miles, 2006). The scholars argued that this is critical to the long term survival of the corporation. In a broader view, the concept of stakeholder view can be expressed in the sense that the role and purpose of the organization is not anymore guided by profit making and maximization of shareholders' wealth, but also to defend an image and values respecting the special relationships that arise and develop between it and all its stakeholders (Friedman & Miles, 2006). Amongst the stakeholders there are certain important stakeholders that are referred to as key stakeholders. These stakeholders could be shareholders, investors, regulators important customer, suppliers, creditor and the likes. The relevance of this study is that management should try and build and framework that will be responsive to the concerns of managers and also meet the needs of all stakeholders. The agency theory was developed by Jensen and Meoklin (1976). The theory states the relationship between principals such as shareholders and agents such as a firm's senior managers.

2.5 Review of Empirical Literature

Igbekoyi, et.al.(2021) examined the relationship between female directors and corporate social performance of banks in Nigeria between 2010 and 2018. The study which used descriptive statistics and the feasible generalized least square regression revealed that female gender inclusion on boards has a positive relationship with corporate social responsibility expenditure.

Aladejebi (2021) studied the connection between board gender diversity and performance of banks in Nigeria between 2015 and 2019. The study which used trend and correlation analysis revealed that gender diversity has no significant effect on bank performance. Abubakar (2017). The study investigated the effects of board diversity on financial performance of ten (10) quoted deposit money banks in Nigeria using a panel data from 2010 -2014 Descriptive analysis were use and to assess the effects of board diversity in form performance measured by ROE. The study revealed that foreign directorship and board size had no effect on ROE. The finding also revealed that gender diversity impacts positively on forms' financial performance. Hence, it was recommended that quoted deposit money banks in Nigeria should rouse female proportions in the board to improve its financial performance. Also quoted banks should maintained an optimal board size of 12 members if financial performance must be enhanced. Berke-Berga et al. (2017), examined on the relationship between managerial ownership and firm performance, using regression analysis. The study sampled 52 listed companies on Nasdaq Riga, Nasdaq Tallinn and Nasdaq Vilnius stock exchange in Baltics from 2010-2015. The result revealed that there is positive relationship between managerial ownership and internal performance measure (ROA). From the findings therefore recommended that managerial ownership be encouraged as it has a positive with firm performance measured by ROA.

Saseela and Thirunavukkarusa (2017), investigated the relationship between ownership structure and financial performance of listed beverage food and tobacco companies in Srilanka from the period of 2010-2015. The study also examined the impact of ownership structure on financial performance. Using Pearson's Correlation and Regression Analysis, the result revealed ownership concentration and foreign ownership structure are positively correlated measured by return on equity (ROE). The study also found a significant impact of foreign ownership structure on financial performance. Therefore the study recommends for ownership concentration foreign ownership as it revealed a positive correlation with return on equity (ROE). While foreign ownership should be reduced or discouraged.

Abdul (2016), examined the impact of ownership structure on firm performance in India in terms of textiles, oil marketing and distribution, and movies and entertainment industries registered in Bombay Stock Exchange (BSE). The research was carried out on 50 companies listed under BSE covering the period of 2011-2015. Using correlation statistical analysis institutional and foreign shareholder has influence on companies' financial performance measured by ROA.Osundina et al. (2016) investigated the relationship between corporate governance measured by board structure index, ownership structure index and audit committee index and performance measured by ROA of selected Nigerian manufacturing industries. Using ex-post facto research design and 30 sampled firms from 2010-2014 the result shows that board structure index has significantly negative relationship with ROA.

Xwier et al. (2015) investigated the effect of corporate governance in Rwanda measured by board size CEO duality, institutional ownership and board composition on financial performance of commercial banks,, using a sample of 92 Senior Managers and a descriptive research design, the study revealed that board size board composition, CEO duality and institution ownership have no effect in performance

3 .Methodology

The study adopted the triangulation approach while adopting the causal and ex-post facto research design. Data was gathered from secondary sources. Data were sourced from annual reports of the companies available at the Nigerian stock Exchange (websites). The population of the study consist of hospitality firms in Nigeria Exchange Group as at December 2020, they are nine (9) in number. The population for this study is listed hospitality firms in Nigeria.The sampling technique used was purposive sampling technique where by nine (9) of the listed firms were chosen for the study for the periods 2012- 2020. Data were subjected to several tests to ascertain robustness and reliability of results. One model was developed and tested. Descriptive analysis, regression and correlation analysis were used for analyzing the data gathered and testing of hypothesis. These were done with the aid of Statistical package for social sciences (SPSS) software.

3.1 Model Specification

The following model was used in conducting the regression analysis
$Y = \beta_0 + \beta_1 \times_1 + \in_{it}$
Where β_0 is constant of the model, and β_1, is the coefficient of the independent variable Y represented the financial performance that was measured using ROE.
$\times_1$= board Ownership (BDOWN)
$\in$= is the error term which is assumed to be normally distributed with means zero and constant variance.
β_1= coefficient of independent variable $\times_1$
β_0= is a constant (intercept)

4. Results and Findings

4.1 Descriptive statistics

Table 4.1 Descriptive Statistics of the Variables

	N	Sum	Mean	Std. Deviation	Variance	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
BDOWN	81	173.0000	2.135802	.3447132	.119	2.167	.267	2.761	.529
ROE	81	957.8000	11.824691	11.9718772	143.326	2.906	.267	12.666	.529
Valid N (listwise)	81								

Source SPSS Window Output, Version 21.0 (2022)

Board ownership which have mean of 2.135 with rational dispersions. The standard deviations is also articulately significant with financial performance, ROE (11.825). From the sum and mean as depicted in Table 4.1, it is sufficient to reason that listed hospitality companies' emphasis on financial performance is as a result of high consideration of the influence of the components of board ownership on financial performance as an attainable solution that can generate several benefits for the hospitality companies with profound logical results.

4.2 Testing of Hypothesis

Relationship between board ownership and return on equity

Ho_1 There is no significant relationship between board ownership and return on equity listed hospitality firms in Nigeria

Table 4.2Influence of Board ownership on Return on Equity

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.007[a]	.000	-.013	1.1120700	.000	.004	1	79	.947

a. Predictors (Constant), LBDO

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.005	1	.005	.004	.947[b]
	Residual	97.699	79	1.237		
	Total	97.705	80			

a. Dependent Variable LROE

b. Predictors (Constant), LBDO

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	2.047	.699		2.926	.004		
	LBDO	-.061	.926	-.007	-.066	.947	1.000	1.000

a. Dependent Variable LROE

Source SPSS 21.0 window output (2022)

Decision

Since for hypothesis one, the significant .947 is greater than 0.05, there is insignificant effect of board ownership on return on equity. The regression helps us to conclude with the R (coefficient of correlation) that there is 1% direct relationship between board ownership and return on equity. R-squared value of -1% shows that board ownership can barely affect return on equity.The ANOVA Table explains the fitness of the model as shown by the F-ratio in the model is .004, which isinsignificant at p <0.05. This implies that there is insignificant evidence to extrapolate that board ownership is linearly related to return on equity. This proposes that the model is measured to be fit however, board ownership has no relationship with return on equity. There is also a standardized coefficient of -.007 which is negative as well as corresponding P value (sig.) of 947 which is greater than alpha (0.05). Therefore, we conclude that Board ownership insignificantly influences return on equity of Listed Hospitality firms in Nigeria.

5. Discussion of Findings

Result indicated that board ownership has a very weak, positive and insignificant relationship with return on equity, (proxy of financial performance) of listed hospitality firms in Nigeria. Furthermore, the result showed that R (coefficient of correlation) value of 0.007 that there is 1% direct relationship between board ownership and return on equity. R-squared value of 0% shows that board ownership could not affect return on equity to any degree. In other words, 1% of the variation of financial performance in terms of return on equity is accounted for by board ownership aspect of board structure of listed hospitality firms in Nigeria. In addition, with a coefficient of -0.007 signify that board ownership has a negative influence on return on equity. The implication of this that a 1% rise in board ownership would result in a 0.007 percent decrease in return on equity of listed hospitality firms in Nigeria. Thus implying that with better board ownership structure (the distribution of equity with regards to votes and capital as well as the identity of the equity owners) in place in the firms' better financial performance in terms of return on equity can be achieved. This is in tandem with the argument of Horner (2010) that the increase of directors' ownership leads to support on the management entrenchment to arrive at the best performance. Supported by Liang (2009) who found a strong positive impact of board structure' ownership on firm performance at medium and low level, due to the effectiveness of monitoring On the other hand, Pham et al.(2011) and Schult et al. (2010) found an insignificant relationship for the Australian business environment, thus supporting the mixed results that is obtained in this present study.

6. Conclusions and Recommendations

In view of the finding of the study, it is concluded that board ownership has a very weak, positive and insignificant relationship with return on asset. In line with the findings the following recommendation is put forward for consideration by the appropriate authorities: Listed Hospitality firms should ensure that there is variety in their board ownership. They should have the right or optimal mix of executive and non-executive directors so that they would be balance in the board's ability to oversee the activities of the management in other to achieve improved financial performance.

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