Structure and Organizational Performance in the Nigerian Banking System

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Abstract
The main objective of this study is to examine structure and performance of Nigerian banks. The M-form theory of the firm structure was adopted to explore the effect of structure on performance of five selected banks in Nigeria for eleven (11) year period 2005-2015.The panel data set obtained from the financial statements and accounts of the banks were analyzed using correlation and regression test statistic. From the result obtained, it was revealed that all the structure parameters had a positive relationship with performance. Again, the study revealed that structure parameters (bank division/department, bank branches) had positive and significant impact on performance while the number of employees had positive and insignificant impact on performance. The corporate governance proxy introduced indicates that the number of members of Board of Directors was also statistically significant and positive. We therefore concludes that structure have a significant impact on performance. The study recommends amongst others that Banks in the country should ensure that bank branches are located with the focus of deployment of a resilient structure. This will enable banks to focus on efficiency and strong collaboration across all the operating entities thereby ensuring a significant role in sustaining the growth momentum while addressing challenges that will ensure long-term success of the banks.

Keywords: Structure, Organizational Performance, Banking System
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1.0 Introduction
The literature on structure-performance relationships is among the most vexing and ambiguous in the field of management and organisational behaviour (Dalton, Todor, Spendolini, Fielding and Porter, 1980). Hence, evaluations and generalisations concerning the nature and directions of these relationships are tenuous. This underscores the relative lack of generalizability of research in the area and the need for sound study of the structure performance literature.

For decades, it has been argued that an organisation's performance demands that it simultaneously explore and exploit options that highlight the proper structure (O'Reilly and Tushman,

1997). Thus, the fundamental problem confronting an organisation is to organize in such a way that will ensure its current viability and, at the same time, devote enough energy to create a structure that will ensure future viability thereby enhancing performance. As submitted by Dalton et al (1980), organisation structure may be considered the anatomy of the organisation, providing a foundation within which the organisation functions. Thus, organisation structure is believed to affect the behaviour of organisation members.

All organisations have structure. Hall (1977) suggested that structure has two basic functions, each of which is likely to affect individual behaviour and organisational performance. First, structures are designed to minimise or at least regulate the influence of individual variations on the organisation and structure set the stage in which power is exercised, decisions made and the organisation's activities carried out. Van de Ven (1976) highlighted the importance of structure both at the organisation and subunit levels for the performance. In that light, Blau (1965) was of the view that not only does structure assist in systematic comparisons of many organisation, it also establish relationship between characteristics of organisations and stipulate the conditions under which these relations hold, thereby providing the material that needs to be explained by theoretical principles and important guides for driving these principles of the organisation.

Behind every great company, division, or team is a great organisational structure. The structure of a firm is tailored to a company's, divisions, or team's goals and one that helps employees understand how they fit into the bigger picture. Without the proper structure in place, an organisation may fail to function efficiently, or even collapse (this have been one of the major reasons for most corporate failure). Poor organisational design and structure results in a bewildering morass of contradictions: confusion within roles, a lack of coordination among functions, failure to share ideas, and slow decision-making, bring managers unnecessary complexity, stress, and conflict. Thus, a link exists between structure and corporate failure. For banks especially, if there is a structural dysfunctionality, the likelihood of failure becomes apparent. No wonder, it has been argued in the literature that good structure is a product of good corporate governance and bad structure is linked to lack of corporate governance.

Presently, the operating environment for Nigerian banks is challenging. The reason for this is that the operation of Nigerian banks has been defined by political, economic and regulatory changes that had ripple effects not only on the banking industry, but the economy at large. The plunge in global crude oil prices has put significant constraints on the nation's foreign exchange management, intensifying the pressure on the Naira and heightening reserve depletion. The economic impact of these developments includes stifled business growth, increased inflation and foreign exchange illiquidity; this translated to higher non-performing loans, restricted lending activities and reduced customer deposit base for the banking industry. Several measures and policies were administered by the Central Bank of Nigeria (CBN) to alleviate currency pressures; notable of these was the restriction of access to foreign exchange to importers of selected items.

Thus, the Nigerian banking landscape has been fundamentally altered. For instance, the recapitalisation requirements for banks in 2005from N5billion naira to N25Billion naira, the emphasis on stronger risk management, single treasury accounts, and corporate governance issues amongst others. Although these measures are all geared towards ensuring a healthy banking system in Nigeria, it has nevertheless affected performance the banks. The industry faced increased regulation and monetary tightening by the Central Bank, actively soughting to preserve the nation's reserves and ensure exchange rate stability, these efforts by regulatory authorities coupled with macro inconsistencies, resulted in a landscape characterised by pressures on earnings and capital, stiffer competition for low-cost deposits and increased funding costs across the industry. The result of these increased made Nigerian banks more risk-conscious, which translated to marginal asset growth in the industry.

In addition, the uncertainty about the direction of the nation's economic and fiscal policy, dwindling oil prices, currency volatility and heightened insecurity portend serious challenges for the

economy. To temper the effects of these headwinds, most banks in Nigeria have intensified efforts to diversify their business structure by renewing their focus to improving credit to agriculture, mining and manufacturing sectors. Banks in the country are therefore looking inwards to grow and these have come through restructuring of the organisation that will ensure an enhanced performance.

However, there is a paucity of empirical literature on the effect of structure on performance especially for the banking industry (O'Reilly and Tushman, 1997). This is the gap, which this study sought to fill. It is therefore, against the forgoing that this study attempts to examine structure and performance among Nigerian banks. However, the specific objectives are to examine the extent to which number of divisions/departments have positive and significant impact on profit after tax of deposit money banks in Nigeria; o determine the extent to which number of bank branches have positive and significant impact on profit after tax of deposit money banks in Nigeria and to determine the extent the total numbers of employees have positive and significant impact on profit after tax of deposit money banks in Nigeria.

2.0 Literature Review

Most of the commonly held definitions of structure speak of the construct as representing patterns and relationships that exist among organisation or work unit elements, rather than as some single underlying characteristic. The conceptualization of structure as multidimensional is generally well accepted. Weber (1947) provided one of the earlier multidimensional descriptions of structure, proposing an "ideal" bureaucratic organisation designed around such principles as a clearly defined hierarchy, specified rules and norms, and written and recorded administrative procedures.

Attempts to validate empirically these characteristics as dimensions of bureaucratic structure began in the late 1960s. Members of the Industrial Administration research Unit at the University of Aston undertook a systematic approach to identifying dimensions of structure. As part of a research program directed at investigating the causes and consequences of structural variability, Pugh et al. (1968) attempted to identify empirically the underlying dimensions of structure. The authors constructed 64 scales to measure aspects of structure. These scales were administered to key personnel in 52 firms in Birmingham, England. Of these scales, 16 were chosen as those that fully represents the variables, most distinctive" (p. 82) and were subjected to a principal components analysis. Pugh et al. proposed four components which may be interpreted: (1) structuring of activities, (2) concentration of authority, (3) line control of workflow, and (4) size of support. The analysis of Pugh and his colleagues suggest that there are several distinct dimensions of structure aside from these four   produced by their Birmingham trial. In other words, further research is needed to discover what additional dimensions are possible.

Child's (1972) replication of the Pugh et al. (1968) research and used similar measurements on a sample of organisations from all of the major industrial areas of the United Kingdom. Child's (1972) sample differed from the Pugh et al. (1968) sample in a number of ways: (1) the organisations were located throughout Britain; (2) the sample was larger {*n* = 82); (3) the sample included only whole units with no subsidiaries permitted; and (4) the sample included only business organisations. Child was able to replicate three of the four Pugh et al. (1968) factors: structuring of activities, line control of workflow, and size of support. However, unlike the Pugh et al. (1968), Child did not discover a separate "centralisation" factor. Rather, centralisation negatively affect structuring factor, along with specialisation, standardizsion, formalisation, and vertical span of control. This set of findings led Child (1972) to conclude that it was possible to find a single factor, which represented all of the important structural variables.

Child's interpretation implied a structural domain consisting of a single bureaucratic dimension composed of a number of structural characteristics. Child concluded that the assumption of independence among the Weber's dimensions, as suggested by Hall (1963) and Pugh et al. (1968) might be inappropriate. Reimann (1973) applied an abbreviated set of structural measures, after Inkson,

Pugh, and Hickson (1970), to a sample of 19 Ohio firms. His principal components analysis of 11 variables yielded results distinct from either set of English results. He interpreted his four-component solution as: (1) specialisation, (2) formalisation, (3) centralisation, and (4) administrative density. Unlike the results in Pugh et al. (1968), specialisation and formalisation appear as independent dimensions in Reimann's research.

Finally, Holdaway, Newberry, Hickson, and Heron (1975) investigated the extent to which the Pugh et al. (1968) dimensions could be applicable? to educational institutions. Utiliing an abbreviated Aston methodology, 23 Canadian educational insitutionswere examined. Results of this research indicate considerable deviation from the Aston study. In particular, Holdaway et al. identified three new dimensions: bureaucratic control, administrative configuration, and non-work flow proportion.

The authors conclude that although organisations do have a limited number of main structural components, these may differ from sector to sector. The intent was merely to show that attempted replications of Pugh et al.'s empirical efforts yielded divergent results. Reactions among organisational theorists to these research outcomes have been as divergent. For example, Connor (1980) concludes that although the vocabulary of the four approaches varies somewhat, the messages are similar. Child (1974) also appears to argue for closure with regard to structural dimensionality by suggesting that there seems to be some agreement emerging in that the three main elements in organizations are complexity, decentralisation and formalisation. Van de Ven (1976) also proposes that there appears to be a growing consensus that complexity, formalisation and centralisation are the major dimensions of structure.

What has been the impact of this apparent trend towards closure concerning the domain of structural dimensions? From an empirical perspective, closure has limited the nature of the independent and dependent variables that organisational scientists have selected to measure in their studies of the antecedents and consequences of structure. Further verification of these traditional dimensions occurs when literature reviews categorise structure-based research based on a limited number of structural dimensions.

Reviews of literature on organisation performance indicate that there is a lack of agreement as to what constitutes performance. Nevertheless, three identifiable perspectives pervade the organisation performance literature. One perspective, the goal approach (Etzioni, 1964), assumes that organisations pursue ultimate and identifiable goals. This perspective, therefore, defines performance in terms of goal attainment. A second perspective, the systems resource approach (Yuchtman and Seashore, 1967), stresses the relationship between the organisation and its environment. It defines performance in terms of the organisation's ability to secure scarce and valued resources. Finally, the process approach (Steers, 1977) defines performance in terms of the behavior of organisation participants.

Largely, the disagreement as to which of the three preceding perspectives is the most appropriate approach for the assessment of organisation performance stems from how organisations are conceptualised (Goodman and Pennings, 1977a, 1977b). For instance, an organisation is viewed as an open system (Katz and Kahn, 1966) and as a coalition (Cyert and March, 1963; Thompson, 1967) of diverse constituencies (e.g., suppliers, customers), each with a specifiable aspiration or expectation level (March & Simon, 1958) as to what it expects from the organisation in exchange for continued membership in the coalition. As an open system, the organisation must induce each constituent member in the coalition to participate by meeting that constituent's expectations, at least to some measure greater than some comparative alternative. Therefore, each constituent has its own aspiration level, performance is defined here as the constituent's(s') evaluation, using efficiency, effectiveness, or social referent criteria (Thompson, 1967) as to how well the organisation is meeting the constituent's(s') aspiration level (Friedlander and Pickle, 1968).

The constituent approach (Connolly et al., 1980; Friedlander & Pickle, 1968) recognises not only that organisations confront multiple and potentially conflicting performance criteria (expectations) (Hage, 1980), but that some performance criteria are likely to be more salient to decision makers at any given point than others. Pfeffer and Salancik (1978) indicate that such saliency is a function of the

constituent's control over resources on which the organisation is dependent and the level of that dependence. Moreover, given that expectations change with experience (March & Simon, 1958) and that organisation attention to these expectations varies with changes in dependence, the constituent approach recognizes that performance criteria are dynamic.

The constituent approach also takes into account the goal, systems, and process approaches to performance by treating them as specific cases of a more general framework (Connolly et al., 1980). That is, some constituents (e.g., managers) may apply a goal approach, others (e.g., government) a systems approach, and still others (e.g., employees) a process approach. The difference between these and the constituent approach, however, is that the constituent approach recognises that performance is both multidimensional and subject to multiple evaluations, in which each evaluation is peculiar to the evaluator. Consequently, it is possible for the organisation to be assessed as good on some dimensions and poor on others, or to be assessed as both good and poor on the same dimensions but by different constituents (Hage, 1980). Usually, the differences in frames of reference contribute to the conflict observed among constituents (e.g., government and management). These differences also contribute to inaccurate results in effectiveness studies.

In mainstream economic literature, organisational structure has received exceptional attention over the last few years (Garicano, 2000; Garicano and Hubbard, 2003; MacDonald and Marx, 2001; Maskin et al., 2000; Stein, 2002). The topic has been on the agenda starting fromWilliamson (1967), who pointed at diseconomies of scale caused by unbalances between firm size and organisational form. In subsequent years, there was attention to modeling organisational structures and the link with performance. Particularly, Arrow (1974) discusses the limits of the firm and shows that specialization leads to an additional need for coordination. Cremer (1980) studies the degree to which coordination mechanisms reduce uncertainties. Sah and Stiglitz (1986) investigate the consequence of (hierarchical) structures on the quality of decision-making and found that structure had a significant effect on quality of decision making in many organizations..

Becker and Murphy (1992) focus on specilisation and the division of labour, concluding that coordination costs determine efficiency of organisational structures. Aghion and Tirole (1997) investigate formal and real authority in organisations, particularly in relation to other coordination and communication mechanisms. In summary, great economists have tried to contribute to theory and thinking on the link between organisational structure and performance.

Ford and Slocum (1977) reviewed the literature on the relationships between structure and such contextual dimensions as size, technology, and the environment. The major elements of structure that they considered were complexity, formalisation, centralisation, and administrative intensity. In discussing why their evaluation of the literature revealed equivocal conclusions concerning these relationships. Ford and Slocum identified measurement problems as a possible explanation. They suggest that faulty construct operationalisations may be to blame for the inconsistent results that they cite. Yet, their concerns are directed almost exclusively at the measures of contextual variables. Their concern about the construct validity and operationalisations of structure are referred to fleetingly, and then only with regard to the various operationalisation of the "traditional" structural dimensions.

Armour and Teece (1978) empirically investigated the proposition that the organisation and operation of the large enterprise along "M-form" multidivisional lines favors goal pursuit and least-cost behavior more nearly associated with the neo-classical profit-maximisation hypothesis than a number of alternative organisational forms. Using a sample of petroleum firms during the period 1955- 1973, a positive relationship between M-form structure and profitability is observed during the period in which the M-form innovation was being diffused. This relationship is no longer observed once an organisational form equilibrium is achieved. The results provide support for the "Markets and Hierarchies" paradigm, but additional studies are needed to affirm the generality of the finding.

Dalton et al (1980) examined the literature addressing the empirical relationships between organisational structure and performance, and draw distinctions between "hard" and "soft" performance criteria, subgroup versus organisation units of analysis, and "structuring" versus "structural"

dimensions of structure. Their concluding recommendations for future research are offered not as the inevitable prescription, but rather in the interest of correcting marked deficiencies and imbalances. In concluding their review, Dalton et al. suggest that knowledge of the structure-performance relationships could be enhanced in several ways. They suggest more research, improved operationalisation of performance, more extensive sampling at different organisational levels, and increased use of longitudinal designs. All of these are valid recommendations, but these authors fail to suggest a re-examination of the construct validity and operationalisation of structure. In fact, in identifying the structural dimensions around which to classify the literature to be reviewed, Dalton et al. comment that the exact nature [of the dimensions], and the questions of whether they are proper [dimensions], have been subject to discussion and disagreement.

Olajide (2015) examined the effects of organisational structure on job satisfaction in the Nigerian financial sector. This research provided empirical insight from selected leading banks in Lagos State, Nigeria. Using a survey design data for the study, data was collected from primary sources. Three hundred and thirty five questionnaires were administered randomly to selected leading banks consisting of 3711 employees. However, only 280 of the questionnaires were returned. From these only 259 of the questionnaires returned were useful for analysis. The result of hypotheses showed that there is a correlation between organisational structure and optimum job satisfaction, there is a relationship between organisational structure and employee's recognition and that there is a correlation between organisational structure and components of job satisfaction via need for dominance, achievement & autonomy. The study recommends that organisations should design a suitable structure, which must begin with some ideas of what the organisation is out to achieve (prime purpose of the organisation). The study therefore concludes that managers should bear it in mind that job satisfaction of workers go a long way to determine their productivity, and hence the realisation of organisations goals and objectives. Therefore, suitable structures should be put in place to enhance optimum level of job satisfaction.

3.0 Methodology

This study adopts the *ex-post facto* design. According to Onwumere (2008), a research design is a kind of blue print that guides the researcher in his or her investigation and analysis. He further stressed that it is a format, which the researcher systematically applies the scientific method in the investigation of problems. Research design is also the structuring of investigation aimed at identifying variables and their relationship to one another, Asika, (2006). The data for this study was obtained from official sources. The annual financial statements of Access bank, First Bank, GT Bank, UBA and Zenith Bank Nigeria, Plcs were utilised for this study. Such published data is believed to be most authoritative and accessible documents for assessing the performance of the affected banks.

The population of this study comprises of 21 banks currently in operation in Nigeria. These are Access Bank Plc, Citibank Nigeria Limited, Diamond Bank Plc, Ecobank Nigeria Plc, Enterprise Bank, Fidelity Bank Plc, First City Monument Bank Plc, Guaranty Trust Bank Plc, Herirage Banking Company Ltd, Keystone Bank, Mainstreet Bank, Skye Bank Plc, Stanbic IBTC Bank Ltd, Standard Chartered Bank Nigeria Ltd, Sterling Bank Plc, Sun Trust Bank Nigeria Limited, Union Bank Nigeria Plc, United Bank for Africa Plc, Unity Bank Plc, Wema Bank and Zenith Bank Plc (from https://www.cbn.gov.ng/Supervision/Inst-DM.asp on 03/09/16). However, for this study, the sample size is made up five banks (Access Bank Nigeria Plc, First Bank Nigeria Plc, Guaranty Trust Bank Plc, United Bank Nigeria Plc and Zenith Bank Nigeria Plc). The sample size was purposively selected based on Forbes 2013 classified of the most branded banks in Nigeria (from www.forbes.org/banknigeria 2013 on 25/07/16).

Adopting Besley and Coarse (2003) model, this study demonstrates the M-form hypothesis. The banks sell same products in all the branches (financial services). The operation/performance of the banking businesses is therefore determined by structure elements such as the number of

divisions/departments, number of bank branches and the total number of employees. Thus, the model is specified as shown below in equation 1.

$$PAT\ f\ (DIV,\ BRA,\ EMP) = 0 \tag{1}$$

where:

PAT	=	Profit after tax
DIV	=	Division/Department
BRA	=	Bank Branches
EMP	=	Number of Employees

Transforming equation (i) with the introduction of the control variable, we have:

$$PAT = a + b_1(DIV) + b_2(BRA) + b_3(EMP) + b_4(NBOD) + \mu \tag{2}$$

where:

a	=	Constant of the equation
b_1-b_4	=	Coefficient of the independent variables
NBOB =		Number of Board of Directors

Explanatory Model Variables

Dependent Variable - Profit after Tax (PAT)
The net amount earned by a business after taxation related expenses have been deducted. The profit after tax is often seen as a better measure of business earnings Hence it can be used in its operations than the total revenue since all deductions have been made. For this study, the profit after tax is in absolute value thus, we adopted the natural logarithm of profit after tax of the banks was adopted as a measure of performance.

Independent Variables

Divisions/Departments (DIV)
In line with works of Besley and Coase (2003), bank divisions or departments were adopted as measure of structure. The bank division is the strategies business Unit (SBU) of the Bank that focuses on providing financial services with a view to growing their businesses. This SBU is the highest growth potentials, especially in the light of the inherent growth opportunities in the financial sector. This study will use the total number of divisions of the selected banks as a proxy to measure of structure.

Number of Bank Branches (BRA)
The bank branch is responsible for the administration and efficient daily operation of the bank. This includes operations, product sales, customer service, and security and safety in accordance with the Bank's objectives. When products are developed, it is sold through the bank branches. Thus as a measure of structure the total number of bank branches was used as a measure of structure.

Total Number of Bank Employees (EMP)
Employees are livewires of any organisation. The structure of any organisation determines the total number of staff employed. The total number of bank staff employed by the selected banks was used as a measure of structure in this study.

Control Variable

Board of Directors (BOD)
Codes of Corporate Governance for Banks in Nigeria Post Consolidation were issued by the Central Bank of Nigeria, the Securities and Exchange Commission's Code of Best Practice and the principles provide the basis for promoting sound corporate governance in Nigerian Bank. The Board thus determines the structure of banks in Nigeria. It is therefore against the importance of the board that this

study adopted the number of Board of Directors as a proxy for structure as a control variable to measure its impact on profitability.

To test the hypotheses stated in this study, we employed the regression test statistic for the panel data. Panel data set is a set of observations that span both time and individuals in a cross-section, more information is available, giving estimates that are more efficient. With panel data, it was important for us to control for unobserved or unmeasurable sources of individual heterogeneity that vary across individuals but do not vary over time omitted variable bias. For the decision rule on the regression, the p-value will be employed. Whenever p-value (use is greater than here) < 0.05, the relationship under investigation is statistically significant otherwise insignificant. We also employed the correlation test statistic to explain the data set results. A correlation expresses the strength of linkage or co-occurrence between to variables in a single value between -1 and +1. A positive *r*-value expresses a positive relationship between the two variables (the larger A, the larger B) while a negative *r*-value indicates a negative relationship (the larger A, the smaller B). A correlation coefficient of zero indicates no relationship between the variables at all. However, correlations are limited to linear relationships between variables. Even if the correlation coefficient is zero, a non-linear relationship might exist.

4.0 Analysis of Data

This section presents the result from the analysis of the panel dataset of the selected banks used for this study.

Table 4.1 revealed that there is a positive correlation between number of members in the Board of Directors and Bank branches in Nigeria (r = 0.726). This implies that 72.6% of the variance in number of members in the Board can be explained by variation in Bank branches in Nigeria. Likewise, 72.7% of the variance in Bank branches can be explained by variation in number of members of the Board of Directors.

Table 4.1: Correlation

	BOD	BRA	DIV	EMP	LOGPAT
BOD	1.000000				
BRA	0.726178	1.000000			
DIV	0.444751	0.709244	1.000000		
EMP	0.601021	0.826316	0.564769	1.000000	
LOGPAT	0.219825	0.188073	0.257513	0.239538	1.000000

Source: Researcher's E-view Result 2016

Again, as observed from Table 4.1, there is a positive correlation between the numbers of members of the Board of Directors and Bank divisions/departments (r = 0.445). This implies that 44.5% variance is shared between number of members of the Board of Directors and Bank branches. A positive correlation also exist between number of members of the Board of Directors and number of bank branches in Nigeria (r = 0.601). This implies that 60.1% of the variance in number of members in the Board can be explained by variation in total number staff employed by Nigerian banks within the period of this study (2005-2015). Likewise, 60.1% of the variance in number of staff employed can be explained by variation in number of members of the Board of Directors. Again as revealed from the correlation results, there was a positive correlation between profitability of Nigerian banks and number of members of the Board of Directors (r = 0.219) implying that 21.9% variance is shared between number of members of the Board of Directors and profitability of banks in Nigeria.

Table 4.2 presents the results of the hypotheses tested. As revealed, all the indicators of structure showed that there is a positive impact of structure parameters on profitability of Banks in Nigeria within the period of this study. However, the magnitude of impact had mixed results.

Table 4.2: Regression Result

Dependent Variable: LOGPAT				
Method: Least Squares				
Sample: 1 55				
Included observations: 55				
Variable	**Coefficient**	**Std. Error**	**t-Statistic**	**Prob.**
BRA	0.006094	0.001445	-4.216465	0.0001
DIV	0.041662	0.016540	2.518891	0.0150
EMP	9.490105	8.490205	1.117486	0.2690
BOD	0.525610	0.026199	20.06212	0.0000
R-squared	0.734830	Mean dependent var		7.343455
Adjusted R-squared	0.718746	S.D. dependent var		0.523323
S.E. of regression	1.140175	Akaike info criterion		3.170187
Sum squared resid	66.29991	Schwarz criterion		3.316175
Log likelihood	83.18014	Hannan-Quinn criter.		3.226642
Durbin-Watson stat	1.326241			

Source: Researcher E-View Result 2016

As observed from table 4.2, the number of bank branches as a measure of structure had positive and significant impact on profitability of banks in Nigeria (BRA coefficient = 0.006, p-value = 0.0001 < 0.05, t- value = -4.22). The negative t-value is quite revealing because it shows that as structure increases based on the number of bank branches, there will be an increase in profit and at the same time, the profit obtained is used in building more bank branches.

Again, the number of division/departments was also found to have positive and significant impact on profitability of banks in Nigeria (DIV coefficient =0.041, p-value = 0.01< 0.05, t-value = 2.519). For the number of employees as a measure of structure, it was found that there was a positive however, insignificant impact on profitability of Nigerian banks (EMP coefficient = 9.480, p-value = 0.269, t-value = 1.117). The *aprior* expectations on this proxy did not deviate. The implication of the insignificant impact of number of employees on profitability indicates that wages and salaries payable to employees though expenses on banks however contribute positively to the growth of banks. Lastly, for the control variable, number of members in the Board of the banks, it was revealed from table 4.2, that number of members in the Board of the banks had positive and significant impact on profitability of Nigerian banks (BOD coefficient = 0.525, p-value = 0.00 < 0.05, t-value = 20.062). This is also revealing as it shows that corporate governance mechanism have a significant role in performance of banks in Nigeria.

The R^2 represents the coefficient of determination and measures goodness of fit test. The R^2 suggests that 73.48% of the total variation in the dependent variable (PAT) has been explained variations in the independent variables (DIV, BRA, EMP and BOD) and this is a good fit since the unexplained variation is 26.52%. The R^2 was adjusted to 71.87%. This still revealed that the model is properly fitted.

5.0 Conclusion and Recommendation

The main objective of this study is to examine structure and performance of Nigerian banks. From existing literature reviewed, the M-form theory of the firm structure was adopted to explore the effect of structure proxied by number of bank divisions/department, number of bank branches and number of bank employees on performance measured by profit after tax. In addition, we introduced a corporate governance proxy measured by the number of members in the banks' board as a control variable for five selected banks in Nigeria for eleven (11) year period 2005-2015.

From the result obtained, it was revealed that all the structure parameters had a positive relationship with performance. Again, our study revealed that structure parameters (bank division/department, bank branches) had positive and significant impact on performance while the

number of employees had positive and insignificant impact on performance. The corporate governance proxy introduced indicates that the number of members of Board of Directors was also statistically significant and positive.

This result implies that structures are designed to minimize or at least regulate the influence of individual variations in the organisation and structure, set the stage in which power is exercised, decisions made and the organisation's activities carried out thus it enhances performance. This study therefore concludes that structure have a significant impact on performance.

This paper thus recommends firstly that bank's divisions/departmental structure should ensure follow similar businesses clusters that will improve coordination and specilisation while ensuring an optimal legal and compliance framework. This will provides a platform for enhanced focus on the growth of the noncommercial banking subsidiaries allows for greater risk management supervision and enables optimal capital allocation decisions.

Secondly, banks in the country should ensure that bank branches are located with the focus of deployment of a resilient structure, which will focus on efficiency and strong collaboration across all the operating entities that will play a significant role in sustaining the growth momentum while addressing challenges that will ensure long-term success of the banks.

Lastly, employees should be the banks most important asset. Thus, we recommend that banks should be supportive through investment in training and development. This will enhance the strengthening of the knowledge base of their employees' thereby enquiring those people to confront the challenges and stay ahead in the industry.

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