CORPORATE OWNERSHIP STRUCTURE AND INVESTORS' CONFIDENCE OF LISTED DEPOSIT MONEY BANKS IN NIGERIA

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Abstract

This paper investigates the effect of corporate ownership structure on investors' confidence of listed deposit money banks in Nigeria. The study adopted correlational research design using panel data collected from annual reports and accounts of 14 deposit money banks in Nigeria that form the whole population of the study for the period of 10 years (2010-2019). Descriptive statistics was used to analyze data in order to provide summary statistics for the variables. Pearson's correlation technique was employed in order to analyze and ascertain the extent of the relationship between the dependent and independent variables. The fixed effect regression results revealed that institutional investors have a positive and significant relationship with investors' confidence. The result further shows that insider and block ownership has a negative and statistically significant relationship with investors' confidence. And on the contrary foreign ownership has no significant relationship hence did not play any role in influencing investors' confidence of listed deposit money banks in Nigeria. Based on the findings, the study recommends managers of listed deposit money banks in Nigeria should give more room to institutional investors to own more shares so that the higher their interest, the more they will be willing to monitor the activities of the firms. This will enable investors to have more confidence in the firms. Insider ownership should be monitored and reduced by the Securities and Exchange Commission; this will prevent insiders from owning a substantial amount of equity which give them the freedom to act in their best interests at the detriment of other shareholders. The study further recommends managers of listed deposit money banks should ensure that their firms desist from higher levels of block holder ownerships in order to reduce ownership concentration.

Keywords: Corporate Ownership, Investors' Confidence, Listed Deposit Money Banks.

1. Introduction

The formation of joint stock companies coupled with industrial revolution has brought about different issues of trust and accountability in the modern business environment as ownership and control of corporations are separated. In the modern corporations, monetary resources pooled by investors are managed by a decision making body referred to as board of directors or as management committees. The management is expected to act in a fiduciary capacity, handle, direct, oversee and supervise the judicial usage of the joint resources of the investors to ensure quality decision making which will enable maximum shareholder wealth creation.

One of the critical drivers of every economy, its financial markets and business cycle is the confidence investors have in the economy and the capital markets. Investors are confident when the news about the future is appealing and the share prices in the stock market are rising. When investors' confidence in an economy increases, investors will want to buy more consumer goods as well as invest in stocks and shares. On the other hand, when investors' confidence decreases, consumer spending and investment tend to fall. Therefore, investor's confidence is a reflection of good firm performance and stock market price appreciation, which are summed up to shareholder wealth maximization. According to Kumar and Zattoni (2014), upholding this confidence is important for public firms because their growth and survival depend on the resources and funds provided by outside investors. In view of the strength of investors' confidence, capital markets researches strongly maintain that lack of transparency and accountability as well as the problem of information asymmetry is responsible for the apparent loss of confidence in stock values (Ann 2006). Investments are always risky and managers and inside owners apparently have a well-versed view of which projects are likely to thrive or flop, while outside investors have no access to such information and therefore cannot differentiate between good and bad investments.

One of the prerequisites for a strong capital market according to Black (2001) is ensuring that minority shareholders have access to 'reliable' information about the value of a company's business and also have confidence that insiders will not appropriate most or all of the value of their investment. Hence, Shleifer and Vishny, (1997) and Claessens, (2002) opined that corporate governance has a significant influence on investors' confidence by making it difficult for self-interested managers and controlling shareholders to divert the firm's resources to non-productive investments. While stressing the significance for studying investor confidence, Li, Lai and Tang (2016) pointed that investor confidence is connected with the steady and strong development of capital markets, the researchers further stressed that the formation mechanism of investor confidence is relatively complex. The seminal work of Shleifer and Vishny (1997) concluded that corporate governance relates to the ways in which the shareholders of corporations guarantee themselves being paid a return on their investment. While in the same vein Hansmann (2000) added that ownership structure is the hard core of corporate governance in which a firm's "owners," is those persons who share two prescribed rights: the right has control over the firm and the right to have a share in the firm's profits. The ownership structure is defined by the distribution of equity with regard to votes and capital as well as the identity of the equity owners (Raji 2012).

Furthermore, Lins (2020) argued that corporate governance could assist in aligning the interest of shareholders, managers and other stakeholders via a constitutive ethical basis which will enable organizations achieve their long term strategic objectives as well as build a strong shareholder value and lay foundation for a commanding market share. Based on the preceding arguments, good corporate governance will lead to a better financial performance and increase in corporate value and hence lead to an increase in investors' confidence (Newell & Wilson, 2002). From these theoretical postulates on investor confidence, existing empirical studies have investigated different aspects of corporate governance in relation to investor confidence. For example, Li, Lai and Tang (2016) found that corporate governance is positively correlated with investors' confidence and the corporate governance level of varying industries has diverse level of impact on their investor' confidence. Additionally, there is lagged effect in investors' confidence meaning, investors' confidence in the previous year has a positive impact on the current year investors' confidence.

This study is motivated by many factors, one, the study is motivated by the recent needs by capital markets to enhance and improve the corporate governance status of listed companies. Hence, this study focuses on the effect of corporate ownership structure on investor confidence in the deposit money banks in Nigeria. The study is also motivated by the recent crises of failures and defaults in the Nigerian banking industry, which eroded the confidence of investors and the general public. For instance, historical trend of Nigerian banking sector revealed a series of credit and liquidity problem as well as failures of banks, which according to Emeka (1997) was first started in 1930. Moreover, the industry also witnessed crises in the 1990s and makes the first bail-out of 13 banks necessary by the Nigerian Deposits Insurance Corporation (NDIC) and CBN. Recently, Nigerian banks suffered wide spread of financial crises which led to declaration of many banks as distress, and takeovers and mergers including the rescue of 8 banks through capital and liquidity injections, as well as prosecution of the banks' Chief Executives (Sunusi, 2012).

These problems according to Soludo (2004) are as a result of poor corporate governance. This therefore call for investigation of different corporate governance aspect in order to find a lasting solution to issues of confidence in the banking sector, this study is an effort towards that.

This study therefore assumes that since corporate ownership structure as one of the mechanisms of corporate governance improves the confidence of investors in a particular firm, bring about corporate accountability, strengthen the quality and reliability of public financial information as well as augment the efficiency and integrity of the stock market. The study is an attempt to find out how ownerships by institutions, insiders (managers and directors), foreigners and block-holders affect the confidence of investors in the Nigerian capital markets. These forms of ownership were examined by previous literature such as Lauterbach and Tolkowsky (2004), Achleitner, Kaserer and Moldenhauer (2005), Mueller and Spitz (2006), Cornett, Marcus, Saunders, & Tehranian (2007), Karami (2008), Numazu and Kerman (2008), Ezazi, Sadeghisharif, Alipour, and Amjad (2011), Li et al (2016), McGraw, Larsen, Kahneman and Schkade (2010), Lee and Shailer (2008), Alnaser, Shaban and Al-Zubi (2014), Wu, Xu and Phan (2011), and Du (2014) and the findings are conflicting and inconclusive, necessitating further researches on the topic.

The main objective of the study is to examine the effect of corporate ownership structure on the investor confidence of listed deposit money banks in Nigeria. The specific objectives of the study are;

i. To evaluate the effect of institutional ownership on the investors' confidence of listed deposit money banks in Nigeria.
ii. To assess the effect of insider ownership on the investors' confidence of listed deposit money banks in Nigeria.
iii. To determine the effect of foreign ownership on the investors' confidence of listed deposit money banks in Nigeria.
iv. To examine the effects of block ownership on the investors' confidence of listed deposit money banks in Nigeria.

Consequently, the following hypotheses are formulated in null form:

H_{01}: Institutional ownership has no significant effect on the investors' confidence of listed deposit money banks in Nigeria.

H_{02}: Insider ownership has no significant effect on the investors' confidence of listed deposit money banks in Nigeria.

H_{03}: Foreign ownership has no significant effect on the investors' confidence of listed deposit money banks in Nigeria.

H_{04}: Block ownership has no significant effect on the investors' confidence of listed deposit money banks in Nigeria.

The study focuses on the ownership aspect of corporate governance of banks in relation to investor confidence in Nigeria. The study therefore is restricted to deposit money banks listed on the floor of the Nigerian Stock Exchange (NSE) market during the accounting period 2010 to 2019. Investor confidence in the context of this work refers to the aggregate investor confidence examinable in the market prices. While ownership mechanisms considered in this study are the insider ownership (managerial and directors ownership), institutional ownership, foreign ownership and block-holders. The study covers a period of 10 years (2010-2019). This study is significant and timely looking at the current growing need of solution to crises of confidence in Nigerian stock market, which is associated to some corporate failures in recent times.

Therefore, the reminder of this paper consists of four sections. After the current section, section two is the literature review, section three is the methodology used in the study, section four is the findings and finally, section five is summary and conclusions of the study.

2. Literature Review and Theoretical Framework

Several empirical studies were conducted using different proxy for investor confidence, like firm performance, and market values to examine the effectiveness of corporate governance and its control mechanisms. The findings from the studies are conflicting and inconclusive necessitating the need for more studies on the topic. Ho and Wong (2001) carried out a study and discovered that impact of corporate governance structure could warrant effective accountability mechanism and intensify the reliability and high standard of governance information and increase nobility and efficiency of the capital market in order to enhance the confidence of investors. Leora and Inessa (2004) depended on governance rate of 14 emanating companies to analyze and found out the relationship between corporate governance rate and information variation. Mitra and Cready (2005) in addition to previous studies that examined the effect earnings management and corporate governance mechanisms found that checks by the institutional investors also assist to avert managerial exploiting reporting attitude and enhance the value of governance. Their study concluded that institutional shareholders intercede and minimize the self-serving behaviour of corporate managers in financial reporting based on a sample of 136 companies belong to the S&P 500 group and 237 belong to non- S&P 500 category for the period (1991-1998).

In Malaysia, Abdullah (2006a) studied the effect of management and non-executives interest on the financial irritation of firms on 86 comparable samples of distressed and non-distressed companies for a period of 1999-2001. Though the study was unable to detect empirical data on the link between board independence and CEO duality on firm value, the work found significant effect of management interests on firm value at the lower and higher level of ownership. Thus, Abdullah (2006b) broadens Abdullah (2004) work on financial performance by examining the extent to which firm's performance, internal governance of board of directors and ownership structure determine the remuneration of directors of public listed companies in Malaysian. Even though the study did not discover a relationship between performance and directors' remuneration, he finds negatively significant evidence between board independence and the extent of non-executive director's interest with directors' remuneration levels and put forward that the extant of these two governance mechanisms are effective in restricting the level of directors' remuneration in Malaysia.

According to him Malaysian institutional investors prefer short-term investment rather than long-term achievement that that make their decision to dispose their substantial shareholdings inevitably depress the market share price dramatically that support 'myopic investor' hypothesis. However, finding by Abdullah (1999) may be arguable for recent capital market development that shows greater institutional investors' participation as corporate monitoring. Institutional investors in Malaysia nowadays have become a substantial and influential constitution that plays a huge remarkable part in corporate governance to protect minority shareholder's interest.

A study by Wahab, How and Verhoeven (2008) discovered an evidence of a negative and significant mono-directional causality that occur from institutional ownership to performance which indicates that institutional shareholding is a determinant of poor performance in of firms but on the contrary poor performance is not a determinant of institutional ownership. Furthermore, the study found that use corporate governance practice is used by institutional investors to gauge the investment decisions they take which suggest that good corporate governance practices in firms entice more institutional ownership.

Chung and Zhang (2011) discover that when their huge amount of excess free cash flow that affects significantly level of corroboration that exist in the role institutional shareholder play in reducing the discretionary accrual and surplus free cash flow. The existence of institutional investors with sizeable number of shareholdings prevent managers from undertaking in income growing discretionary accruals when companies are having excess free cash flow, nonetheless, in the absence of free cash flow agency problems, the institutional investors do not constructively compel the management's utilization of earnings increasing discretionary accrual. Also, Lauterbach and Tolkowsky (2004) discover taking 144 firms as sample in Israel, that Tobin's Q is optimized the moment votes of control group reaches 67%. This proof holds water when ownership structure is regarded as exogenous and feeble when it is regarded endogenous. Kaserer and Moldenhauer (2005) examine the existence of correlation between performance of firms and insider ownership. The work studies in 2003 a data of 245 firms in Germany where they established a significant positive relationship between firm performance, as gauged by performance of stock price in relation to insider ownership and Tobin's Q.

In Germany also, Mueller and Spitz (2006) find the impact of managerial ownership on financial outlook of Small and Medium Enterprises with motivational hypothesis testing, in the study. For the period 1997 to 2000, a sample data of 356 firms was examined in services industry that have link with business-oriented research. The study finds a positive impact on performance of firms with managerial ownership rate, above 40 percent. Cornett et al (2007) in their study examined the impact of institutional shareholders on performance using the rate of operating cashflow as a yardstick of performance big firms. The study established a positive significant impact on the ratio of operating cash flow to sales as a measure of performance by the level of institutional shareholders.

Karami (2008) examined the impact of institutional ownership on informational content of profit. His study assessed and gathered date in respect of supervisory role of institutional investors from the view point of how much can the informational content of reported earnings be caused by institutional ownership. In this research, the different were assessed regarding institutional owners. In an attempt examine the impact of institutional ownership on informational content firm profit two models of multiple linear regression were employed. From the outcome of date examined from of this study, the rate of ownership held by institutions reduce the information content of the reported returns on profit, thus the rate of information of profit is increased by the extent of institutional ownership structure on one hand.

Numazu and Kerman (2008) examined the relationship between ownership structure and performance of companied listed on Stock Exchange in Tehran. The major theorem of the studied laid emphasis on impact of ownership structure on performance of the studied companies. Panel data was examined to assess the evidence. They separated ownership structure institutional and private as two different classes of ownership where the private ownership is further slatted into three classes which managerial, corporate and outsider ownership. Results from this work show that there is no positive relation between institutional ownership and firm performance on one hand and significantly positive relationship between the companies' performance and ownership structure. It further shows a negative impact on the level of performance by the Managerial shareholding in respect of private ownership. From the sample of companies, they studied, there was no empirical data showing the impact outsider investors. The 34 investors in the private ownership on the other hand proved more meaningful corporate investors possessing the major ownership in the companies. The study indicated majorly that the ownership structure and performance of the companies have a significant relation.

Ahmadpour and Krdtbar (2008) investigate the level of impact on behavior of corporate earnings management examined by the role of monitoring tools of corporate governance in attitude of corporate earnings by management inactive members of institutional investors and that of board of directors. The data indicated that institutional shareholders and inactive managers have no meaningful part to lessen the uncommon contractual records. Sadeghi Sharif and Bahadori (2009) study the relationship between Dividend Pay-out Ratio and ownership structure of firms in Tehran listed on the floor of Stock Exchange. Analyses from the study indicate the existence of a positive influence on the Dividend Pay-out Ratio (DPR) by the extent of the ownership of the greatest shareholder and also the extent of ownership of five greatest shareholders of the firm, i.e. the firms that have greater level of ownership possessed by a shareholder or by its five greater shareholders, have a more DPR, in relation to the companies whose ownership is dispersed and concentration in ownership expands the firm's DPR. Also the relevance of being more institutional ownership in company's DPR was proved. Hence, at the time company's institutional ownership grows it increases DPR. On the contrary, the DPR decreases when the individual shareholders ownership in a company grows.

Ezazi et al (2011) analyzed impact on share price volatility caused by ownership structure on in Tehran. The results of this research indicate that the price of shares of the companies whose more percentage of shares are held by their greatest shareholders may have more volatility and the share price volatility of the companies that the more percentage of their shares is hold by individual shareholders is lower. It needs to be observed that the yardstick of members of the board of directors and institutional shareholders and that of ownership of five greater shareholders might not indicate any reason for investors interested in share price volatility.

Lee and Shailer (2008) show that disclosure of corporate governance information might increase independence of board of directors to enhance the role of management layer and board of directors and strengthen the integrity of financial statement and in lead to an increase in the investors' confidence. McGraw et al. (2010) believed that the confidence in investor confidence originated from their assessment and vision of what the future holds and was as a result of bias thought that makes them positive in the anticipation of favorable return of the ventures and convinced outcome in the future and had no fear of misfortune and uncertainties of the future.

Li, et al (2016) select the factors of corporate governance rate to analyze and assess the impact corporate governance extent on retaining and expanding investors' confidence from likely interested investors. The study evaluates the impact of confidence of in investors' and the extent to which corporate governance appreciates. They selected a sample A-share companies listed in Shanghai Stock Exchange of China from 2011-2013 is selected as the sample to analyze the panel data. The study revealed that a greater level of corporate governance leads to more confidence of investors. On the same vein, investors' confidence is also motivated by the broader level of the market arena comes with multiple opportunities which explains the peculiarities of the market therefore, the level of meaningfulness of corporate governance extent varies by industries in respect of the perception of investors' and their extent of confidence. However, the findings indicate a positive lag effect in the confidence of investors.

Li et al. (2005) also held that corporate governance with high quality could improve corporate value and bring abundant return to investors. Higher corporate governance level could produce better consistency and stability for corporate operation strategy and better guarantee the investment in the future and make investors more confident. Li et al. (2012) believed from his evaluation, huge rate corporate governance was influential for reducing the dissymmetry degree of information and assisting investors to appreciate the worth of firm and reduce investment uncertainty by means of useful information disclosure. Lei, Wang and Jin (2012) suggested that investor confidence was the product of market factors and corporate factors and the empirical result showed that stronger investor confidence was associated with higher governance quality.

Wu et al. (2011) examined corporate governance, investor emotion and excessive portfolio investment. The findings reveal that listed companies of our country generally participated in portfolio investment and face the challenges of excessive portfolio investment to some extent. The reason was investors in high spirit instead of imperfect corporate governance structure. Part of literatures took investor confidence as an intermediate target. Nabil et al. (2014) study how effective corporate governance structure improves investor confidence, it ensures corporate accountability, improves the reliability and quality of public financial information, and enhances the integrity and efficiency of the capital market. The study has covered 10 public companies in Jordan. The study concluded that corporate governance in publics companies is effective in Jordan because it is complying with state and federal statutes, complying with listing standards, and implementing best practices suggested by investor's activists and professional organizations. Further recommendations by the research include maintaining the current level of investors' confidence and to work on developing the legal framework for corporate governance in the light of the proposed development of a conceptual framework.

Güner, Malmendier and Tate (2008) studied the benefits of having financial expertise at the organizational level of directors. The research concluded that the existence of director’s expert in financial control could affect the confidentiality of companies through the creation of more accurate information and better audited financial states. Haniffa and Cooke (2002) reported that firms with a higher proportion of board members with accounting and finance expertise tend to disclose more voluntary information to reflect their credibility and reputation. Wagner (2008) added that during the composition of a board, a compromise must exist between independence and competence in order to create an optimally efficient group. Thus, the existence of qualified directors is an indicator of the quality of published information.

Analysis of corporate ownership as a control mechanism can be conducted on different theoretical assumptions. One of these theories is the property right hypotheses which according to Alchian (1965), firms operating in the private sector arena ought to perform better and more profitably than firms in the public sector. Because in the case of government-owned firms, as Shleifer and Vishny (1997), point out that while they are technically controlled by the public, they are run by bureaucrats who can be thought of as having extremely concentrated control rights, but no significant cash flow rights. The property rights theorem has been tested else-where. Majumdar (1998) has tested the property right theory by comparing the financial performance of state owned, private owned, and mixed state-private ownership firms and found that the most profitable firms were the private owned, followed by mixed ownership. State owned enterprises had the worst performance. Many other studies like Shleifer and Vishny (1997), and Shleifer (1998) Ramaswamy (2001) have drawn similar conclusions. However, Demsetz and Villalonga (2001) argued that the ownership structure of a corporation should be thought of as an endogenous outcome of decisions that reflect the influence of shareholders.

Another theory that explains the role of ownership in corporate governance monitoring and control is the institutional theory. This theory emphasizes the influence of socio-cultural norms, beliefs and values, regulatory and judicial systems on organizational structure and behavior. According to North (1990) institutions regulate economic activities through formal and informal rules as a basis for production, exchange and distribution. In addition to these features, emerging economies are characterized by greater imperfections in the markets for capital, products and managerial talent. Accordingly, the concept of ownership concentration was discovered by Morck, Shleifer and Vishny (1988) and Shleifer and Vishny (1986). Apparently, this has steered to the foundation of the agency theory in corporate governance, which La Porta, Lopez-de-Silanes, and Shleifer (1999) described in the formulation of ultimate controller; they consider voting power to be the definition of firm ownership, rooting out that most of controlling shareholders of listed firms control the firms by through pyramid structure approach and cross holding, which in most cases could lead to central agency problem. In contrary, the perception of Berle and Means (1932) described that spreading ownership indicates that ownership is separate from management, which, as Jensen and Meckling (1976) stressed, may lead to agency problems between managers and other stakeholders like shareholders and debtors. These two theories serve as theoretical frameworks that underpin the variables of the study.

3. Methodology, Variables and Model

The study employed correlational research design. The reason for employing a correlational research design is that it is perfect in establishing cause and effect relation among variables. The population of this study consists of all the 14 listed deposit money banks listed on the floor of the Nigerian Stock Exchange (NSE) as at 31st December, 2019. Therefore, this work examines the whole population of the study. The study adopts secondary data; financial statements of all the sampled firms for the period of 10 years (2010 – 2019) was be used to compute ratios that will be used for the variables of the study. This study employed panel multiple regression technique for data analysis. This is because regression technique analysis is effective and efficient in providing statistical estimate of the relationship or impact of one variable(s) on another variable. Hence, this is in agreement with the objectives of the study which is to examine the effects of corporate ownership structure on investors' confidence in the deposit money banks in Nigeria.

The study employed appropriate robustness tests which include test for Heteroskedasticity, autocorrelation and multicolinearity to ensure fitness and validity of the results. Hausman Specification Test and Breusch and Pagan Lagrangian Multiplier Test for Random Effects were also conducted to decide between fixed and random effect results as to which is more appropriate and suitable for interpretation. In addition, data normality test has been applied; in essence, the study in this regard ensured that the results produced estimators that are best linear unbiased estimators (BLUE).

The measurement of the variables of the study is presented in this section, as indicated by Table 1 as follows;

Table 1: Variables Definition and Measurement

Variables	Definition/Measurements
Dependent Variable	
Investor Confidence (INVC)	Is defined as the price-to-book (P/B) ratio consistent with Li et al., (2016)
Independent Variables	
Institutional Ownership (INSOW)	Is measured by the proportion of equity capital own by institutions at the end of the accounting year.
Insider Ownership (INDOW)	Is measured by the proportion of equity shares own by insiders (directors and managers) at the end of accounting period.
Foreign Ownership (FRNOW)	Is measured by the proportion of equity capital own by non-Nigerian Citizens and institutions at the end of the accounting year.
Block ownership (BLCOW)	Is measured by the proportion of 5% and above equity capital ownership at the end of the accounting year.
Control Variables	
Board independence (BIND)	Is measured by the proportion of outside/non-executive/independent directors to total directors at the end of accounting period.

Source: Authors compilation, 2020

In order to estimate the effect of ownership structure on investor confidence, the following econometric models will be used:

$$INVC_{it} = \beta_0 + \beta_1 INSOW_{it} + \beta_2 INDOW_{it} + \beta_3 FRNOW_{it} + \beta_4 BLCOW_{it} + \beta_5 BIND_{it} + \varepsilon_{it}$$

Where:

$INVC_{it}$ = the P/B ratio of bank I in year t.
$INSOW_{it}$ = institutional ownership in bank I in year t.
$INDOW_{it}$ = insider ownership of bank I in year t.
$FRNOW_{it}$ = foreign ownership of bank I in year t.
$BLCOW_{it}$ = block ownership of bank I in year t.
$BIND_{it}$ = board independence of bank I in year t.
Intercept = β_0; $\beta_{1,}$- β_7 = Coefficients
ε_{it} = stochastic error term/residual

4. Findings

Table 2 below presents the summary of the descriptive statistics which is the minimum, maximum, mean and standard deviation of the variables.

Table 2: Descriptive Statistics

Variable	Minimum	Maximum	Mean	Std. Dev.
INVC	0.3619	0.8540	0.1202	0.0514
INSOW	0.0000	4.2155	1.1432	0.4625
INDOW	0.1504	15.4455	3.3421	2.2394
FRNOW	0.0383	0.8214	0.1274	0.7322
BLCOW	0.0000	4.4342	0.7392	0.5288
BIND	0.0000	1.0000	0.6863	0.3012

Source: Output of STATA, 2020

Table 2 above presents the detailed account of the descriptive statistics of the dependent and independent variables. From the table, investors' confidence has a minimum value of 0.3619 and 0.8540 as maximum value. The variable also has a mean value of 0.1202 and a standard deviation of 0.0514 that showed that there is relative discrepancy in investors' confidence in different years in the sampled deposit money banks. It can also be seen from the minimum value that a lot of investors have lower confidence. This may be because of the corporate failures that rocked the banking industry in recent times and that have damaged investor interests.

The table also showed that the minimum and maximum values of institutional ownership are 0.0000 and 4.2155 respectively, and the variable has 1.1432 as mean and 0.46.32 as standard deviation. The mean indicates that on average, institutional ownership in listed deposit money banks in Nigeria is 1.1432% of the equity and the standard deviation shows that the data deviate from the mean by 46.25%. The minimum value of insider ownership is 0.1504 and the maximum value 15.4455 while the mean and the standard deviation is 3.3431 and 2.2394. The mean value indicates that on average, 3.3421% of the shares of listed deposit money banks in Nigeria is held by insider owners with a maximum of 15.4455%.

Foreign ownership has a minimum value of 0.0383 and a maximum value of 0.8214. The mean percentage of the variable is 0.1274 implying that 12.74% of the share ownership in the listed deposit money banks in Nigeria is held by shareholders and the standard deviation shows that the data deviate from the mean by 73.22%. The mean value of block holder ownership is 73.92% with minimum and maximum values of 0.0000 and 4.4342 respectively. The standard deviation of 0.5288 showed that the data deviate from the mean by 52.88%. Lastly, the minimum and maximum values of board independence are 0.0000 and 1.0000 respectively and the mean value is 0.6863 while the standard deviation is 0.3012.

Correlation Results

Table 3 below presents the result of the Pearson correlation analysis which was carried out to estimate the nature of the relationship between the variables and to also determine the existence if there is of any multi collinearity among the variables.

Table 3: Correlation Matrix

Variables	INVC	INSOW	INDOW	FRNOW	BLCOW	BIND
INVC	1.0000					
INSOW	0.2239	1.0000				
INDOW	-0.3287	-0.0393	1.0000			
FRNOW	0.0728	-0.0066	-0.0091	1.0000		
BLCOW	-0.3862	-0.0786	0.0201	0.0290	1.0000	
BIND	0.0789	0.1020	-0.0544	-0.0381	-0.1248	1.0000

Source: Output of STATA, 2020

Table 3 presents the results of the correlation between ownership structure (institutional ownership, insider ownership, foreign ownership, block holder ownership, and board independence) and investors' confidence of listed deposit money banks in Nigeria. The table shows that there is a positive relationship between institutional ownership and investors' confidence from the correlation coefficient of 0.2239. The table also shows that investors' confidence is negatively correlated with insider ownership and block holder ownership from the correlation coefficient of -0.3287 and -0.3862 respectively. Foreign ownership has a positive relationship with the investors' confidence of listed deposit money banks in Nigeria as shown by the coefficient of 0.0728. Also, the relationship between board independence and investors' confidence proved to be positive as indicated by the correlation coefficient of 0.0789.

However, the relationship amongst the variables themselves is not found to be significant to the extent that one can conclude that there is multicollinearity unless the variance inflation factor and tolerance values are comparatively beyond the established rule of thumb. Also, the correlation coefficients of the independent variables did not exceed 50% which suggests the absence of multi-collinearity among the explanatory variables. It is however not safe to conclude that there is no multi-collinearity issue unless the variance inflation factor (VIF) and tolerance values are tested. Thus, the variance inflation factor (VIF) and tolerance value are advanced measures for assessing multicollinearity among the regressors. The variance inflation factor (VIF) and the tolerance values were found to be concurrently smaller than ten and one respectively, indicating the absence of multicollinearity.

Post Estimation Test

The results also reveal that there is a presence of heteroscedasticity in the data because the probability of the chi-square is less than 5% (Prob>chi2=0.0000). This result implies that there is a violation of assumption number four of the classical linear regression model which states that there must be constant variance in the error term that is the disturbance Ui appearing in the population regression function are homoscedastic. Hausman specification test was then conducted to decide between the two models, so as to select the preferred one. The Hausman test detects violation of the random effects modeling assumption that the explanatory variables are orthogonal to the unit effects. If correlation does not exist between the independent variables and the unit effects, then the estimates of β in the fixed effects model should be similar to estimates of β in the random effects model. The result obtained from the test on Table 4.3 returned a ch^2 value of 39.72 that is statistically significant. This shows that the dataset has met the asymptotic assumption of the Hausman specification test. As a result, fixed effect model was preferred.

Summary of Regression Result

The summary of the regression results obtained from the fixed effects model is presented in Table 4 below:

Table 4: Fixed Effects Regression Results

Variables	Coefficient	Z Statistics	Z Sig
CONSTANT	0.0567	3.62	0.000
INSOW	0.0142	1.66	0.099
INDOW	-0.0126	-5.02	0.000
FRNOW	0.0041	0.83	0.407
BLCOW	-0.0213	-2.84	0.005
BIND	-0.0054	-0.44	0.000
R^2	0.2541		
F	8.24		
Prob>Chi2	0.0000		

Source: Generated using STATA, 2020

The cumulative R^2 (0.2541) which is the multiple coefficient of determination gives the proportion of the total variation in the dependent variable explained by the independent variables jointly. Hence, it signifies that 25.41% of the total variation in investors' confidence of listed deposit money banks in Nigeria is caused by their ownership structure: institutional ownership, insider ownership, foreign ownership, block holder ownership and board independence. Similarly, the result of the F statistics (8.24) shows that the explanatory variables in the model are significant and that they added value to the model as confirmed by the Prob>Chi2 (0.0000). This indicates that the model is fit and the regressors are properly selected, combined and used. This further implies that for any changes in the ownership structure of listed deposit money banks in Nigeria, their investors' confidence will be directly affected.

The F-Statistics or Wald chi-squared statistics are really the same thing in that, after normalization of the chi-squared and the limiting distribution of the F as the denominator, degrees of freedom goes to infinity. So the F statistics of 8.24 which is significant at 1% indicates that the ownership structure and investors' confidence model is fit. The coefficient of insider ownership is -0.0126 while the Z statistics is significant at 1% (0.000) and the coefficient of block holder ownership is -0.0213 while the Z significance is 0.000. This indicates a negative relationship between insider ownership, block holder ownership on one hand and investors' confidence on the other hand that is significant at 1% level of significance.

The significant negative relationship between insider ownership and investors' confidence implies that an increase in insider ownership decreases investors' confidence because when insiders have large ownership stake, they might be powerful and as a result, they do not consider other shareholders. For every point increase in insider ownership, investors' confidence will decrease by the coefficient value. Also the significant negative relationship between block holder ownership and investors' confidence implies that an increase in block holder ownership decrease investors' confidence.

Institutional ownership is positively related to investors' confidence as indicated by the coefficient of 0.0142 which is statistically significant at 10% level of significance. This implies that for every point increase in institutional ownership, investors' confidence increase by the coefficient value. The coefficient of foreign ownership is 0.0041 which indicates that it has a positive association with investors' confidence with a Z significance value of 0.407 which is not statistically significant. Therefore, the variable did not play any significant role in influencing investors' confidence of listed deposit money banks in Nigeria. The coefficient of board independence is -0.0054 which indicates that the variable has a negative and significant association with investors' confidence.

5. Conclusion

This study contends that ownership structure through institutions, insiders, block-holders, and foreigners could bring fairness, transparency, accountability, and responsibility to both shareholders and improve investors' confidence in the Nigerian banks. It is therefore concluded that institutional ownership played a significant role in influencing investors' confidence. For institutional owners, there are more incentives to monitor and influence the management, because they will be more affected by decisions of the management. Insider ownership and block holder ownership have a negative and statistically significant relationship with investors' confidence. When insiders have a large ownership stake, they often might be so powerful and do not consider other shareholders. Insiders owning a substantial fraction of a firms' equity give them greater freedom to pursue their own best interests and they become entrenched. Block holder ownership and investors' confidence are found to have a negative and statistically significant relationship. The result of the study implies that investors' confidence of listed deposit money banks in Nigeria declines as block holder ownership increases.

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