Corporate Governance Practices and Financial Performance of Quoted Consumer Good Companies in Nigeria

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Certification

This is to certify that this thesis was carried out by **Samuel Adegunle MESIOYE** with Matriculation number **LCU/PG/002784**, in the Department of Management & Accounting under my thorough supervision in the Faculty of Management and Social Sciences, Lead City University, Ibadan, Nigeria and that this work had not been previously submitted.

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Dedication

This thesis is dedicated to the Almighty God for His grace, guidance and provision throughout this program.

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Abstract

This study examines the impact of corporate governance on the financial performance of quoted consumer goods companies in Nigeria, focusing on key governance elements such as board composition, board diversity, audit committee independence, and board size. Using panel data from 2012 to 2022, the study employs both fixed and random effect regression models to analyze how these corporate governance factors affect two key performance metrics: return on assets (ROA) and return on equity (ROE). The Hausman test was conducted to determine the appropriate model for analysis. The findings demonstrate that board composition has a negative and significant effect on ROA of consumer goods companies (P= 0.027<0.05, β_1= -0.0229) but have a positive and significant effect on ROE (P= 0.000<0.05, β_1= 0.0645) of consumer goods companies in Nigeria. , suggesting that a well-structured and diverse board contributes to improved financial performance in the sector. On the other hand, board size shows a negative but statistically insignificant relationship with ROE and a positive but also insignificant relationship with ROA (P= 0.0496<0.05, β_4= -0.0169 ROA; P= 0.8947>0.05, β_4= -0.0069 ROE). Audit committee independence, another key governance factor, exhibits a negative and insignificant effect on both performance measures (P= 0.282>0.05, β_2= -0.0286; P= 0.3167>0.05, β_2= 0.1371), indicating that its role may not be as impactful in driving financial success within these companies. The Durbin-Watson diagnostic test reveals no autocorrelation issues in the models, further supporting the robustness of the analysis. Based on the results, the study concludes that certain aspects of corporate governance, especially board composition and diversity, play a crucial role in enhancing the financial performance of consumer goods firms in Nigeria. The study recommends that companies should prioritize board diversity and effective board composition to optimize financial outcomes. Additionally, while audit committees are essential, their role in enhancing financial performance may require further scrutiny and reevaluation to enhance their effectiveness. The study contributes to the growing literature on corporate governance and provides practical insights for firms seeking to improve their governance structures for better financial performance

Keywords: Corporate Governance, Financial Performance, Audit Committee Independence Board Composition, Audit committee Independence, Board Size.

Word Count: 291

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Chapter One

Introduction

1.1 Background of the Study

A manufacturing company is one company that has good prospects and promises for the future so that it can be an attraction for investors to invest their capital. One of such companies is the consumer good company in Nigeria. The current conditions have triggered intense competition between these companies. This competition has resulted in efforts to improve company performance. This has also necessitated companies to produce high quality products to attract investors. One of the company's efforts to improve the quality of the company is by implementing good corporate governance.

Organizational financial performance is a measure of organization results within a specified operational period often referred to as an accounting period. It is basically a measure of overall financial or otherwise health of an organization over a given period of time. Performance is generally viewed from two perspectives: financial and non-financial[1]. Financial performance refers to the measurable outcomes of a company's financial activities, such as revenue, profits, return on investment, and cash flow. It provides insight into how effectively a company is utilizing its resources to generate profits and create value for its shareholders. Financial performance is crucial in corporate governance as it helps stakeholders, including shareholders, board members, and regulators, assess the company's overall health and make informed decisions. Non-financial performance, on the other hand, encompasses a broader set of metrics that reflect a company's performance beyond just financial indicators. These metrics may include environmental, social, and governance (ESG) factors, employee satisfaction, customer satisfaction, efficiency, effectiveness and employee commitment[2]. Other measures include organizational values, full disclosures,

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transparency and, board composition[2], innovation, and corporate reputation. Non-financial performance indicators are increasingly recognized as vital for sustainable long-term success and for assessing a company's overall impact on society and the environment,

Companies need to make profit from their activities in order to survive and grow over a long period of time. Company financial performance shows the way in which a company's resources are used to achieve its overall goal[3]. It is necessary to earn sufficient profits to maintain the operation of the company, to be able to obtain funds from investors for growth, and to contribute to social overheads for the welfare of society[4].

Profitability is a quantitative measure of how effectively and efficiently a firm has used the assets at its disposal to generate revenue from its business activities. Financial measures include firm value, profitability return on assets, return on shareholders" equity liquidity level and so on. These financial indicators measure the result of a firm's policies and operations in monetary terms through operating income, earnings before interest and tax and net asset value. This performance could be evaluated from a short-term or long-term horizon[5].

The stability of an organization financial position is affected by many factors such as the opportunistic decisions that are taken by managers to inflate their personal interest[6]. These decisions emerged in the financial markets as a result of the establishment of corporations, where there is a real separation in tasks and responsibilities among a firm's agents and principal. This non-traditional management position created a breach in shareholders expectations, since managers show exploitative behaviors to maximize their personal benefits instead of taking beneficial decisions that make shareholders pleased[7].

In such a situation, managers may affect a firm's performance, earnings figures or any other element of financial statements to guarantee a regular seat in a firm board. Shareholders therefore

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are in force to pay several costs known as "*agency costs*" to minimize the negative consequences of the bad decisions (at least from the principal point of view) that have been made by managers[8]. One good example of these costs is adopting Corporate Governance (CG) mechanisms that may enhance board of directors' ability to solve this conflict of interests. Indeed, board of directors is seen as trustworthy representatives who secure a firm's resources from being used as an exploitative bridge to increase managers' bonuses or unseen rewards[9].

Corporate Governance practices is basically concerned with ways in which all parties interested in the well-being of the firm (the stakeholders) attempt to ensure that managers and other insiders are always taking appropriate measures or adopt mechanisms that safeguard the interests of the stakeholders. Such measures are necessitated because of the separation of ownership from management, an increasingly vital feature of the modern corporations. Corporate Governance is defined as the process and structure used to direct and manage business affairs of the Company towards enhancing prosperity and corporate accounting with the ultimate objective of realizing shareholder long term value while taking into account the interest of other stakeholders[10].

Corporate Governance practice is the system by which organizations are directed and controlled. It's a set of relationships between company directors, shareholders and other stakeholder's as it addresses the powers of directors and of controlling shareholders over minority interest, the rights of employees, rights of creditors and other stakeholders[11]. Corporate Governance is also defined as an internal system encompassing policies, processes and people, which serve the needs of shareholders and other stakeholders, by directing and controlling management activities with good business savvy, objectivity, accountability and integrity[12]. Corporate governance has, in more recent years, become one of the most commonly used terms in the modern corporation.

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The financial crisis around the world and the consequent collapse of major corporate institutions in both developed and developing economies which Nigeria is not exempted has brought to the fore the issue of corporate governance[13]. Today, corporate governance has attracted considerable attention of policy makers and academic researchers across the globe. Study, emphasized on the need for the practice of good governance both at the public and private enterprises and this is due to the economic primacy/importance of publicly quoted firms in most economies[14]. Corporate governances increasingly understood among policy makers as a value enhancing strategy in a competitive business environment and there is a growing consensus globally that corporate governance has a positive link to national growth and development[15].

Due to divorce of ownership from management, corporate governance is devised to safeguard the stakeholders' interest that is to ensure that managers act in accordance with the stakeholders' interest[16]. This gave rise to a number of methods adopted across the world in ensuring that effectiveness of corporate governance is in stored and ensuring the incessant survival of going concern assumption of corporate bodies. It is only when businesses survive that they would be expected to discharge their corporate social responsibility (CSR). Another aspect of the debate argues that corporate governance helps the investors and stakeholders to monitor its wealth and be able to watch its movement in the business cycle[17].

In addition, a study asserts that corporate governance implies that the company would manage its affairs with diligence, transparency, responsibility and accountability and would equally maximize shareholders wealth[18]. Therefore, it is required to design systems, process, procedures, and structures and take decisions to augment its finance performance and shareholders' value in the long run. Corporate governance as a term covers all the general mechanism by which management is led to act in the best interest of the company owners[19]. A perfect system of corporate governance

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would give management all the right incentives to make value maximizing investment and financing decision and would assure that cash is paid out to investors when the company runs out of viable projects i.e., investment with positive NPV[20].

Therefore, a good emergence of corporate governance structure linked with a real intention to facilitate the overall monitoring process is directly responsible to enhance firms' performance in a way that ensures market stability and shareholders satisfaction. For example, polarizing independent directors to serve in a firm's board motivates other directors to override any misleading or opportunistic decisions that may have unfavorable impact on financial performance[21].

The absence of corporate governance may hinder the attraction of investor's fund by creating a perception of inadequate financial discipline and controls and this may erode investor's confidence. The practice of corporate governance also increases the operational cost of firms as more people are involved in the policy making and management of the organization through different boards and this if not controlled may affect the firms competitiveness[22]. Operational efficiency is achieved when wasteful organizational practices of all kinds are minimized to the possible state. When there is no institutionalized mechanism in the organization that shoulders the responsibility of monitoring cost structure and control, compensation policies and day-today operational processes; it creates room for wastages in form of increased employees idle time, material lost, under-utilization of capacity and improper inventory management. These will create problems that will affect the performance of the organization negatively. The problems of weak or absence of corporate governance as enunciated above ultimately affects the growth of the firms negatively. This is because corporate growth is only possible when the firms make reasonable profit and efficiently satisfy various stakeholders' interest[22].

The empirical research and literature has burgeoned and the field is highly interdisciplinary.

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Stakeholders in the corporate governance arena are many and wide-ranging and their participation in this field has spawned a rich and varied range of information resources pertaining to distinct disciplinary fields and practitioner interests. The corporate governance researcher thus needs to have an in-depth understanding of the diverse roles various stakeholders play and how they "fit" together in the complex arena of corporate governance as it exists today. Corporate governance has come to underpin systematically the work of many business academics and practitioners alike, and their information and research needs present challenges not only for them, but also for the information professionals who assist them[22].

The practice of good corporate governance has therefore become a necessary prerequisite for the financial performance of a firm particularly the quoted consumer goods manufacturing companies in Nigeria. The term *"*corporate governance*"* is relatively new terminology used in both public and academic debates, although the issues it addresses have been around for much longer. In the last two decades, however, corporate governance issues have become important not only in the academic literature, but also in public policy debates. During this period, corporate governance has been identified with takeovers, financial restructuring, and institutional investors' activism) define corporate governance by stating that it deals with the ways in which suppliers of finance to corporations assure themselves of getting a return on their investment[23].

Despite its importance, Nigerian consumer goods companies face significant challenges related to corporate governance, which have given rise to various problems, including: Ineffective corporate governance leading to crisis, poor internal control mechanisms, Excessive risk-taking by firms, Non-compliance with legal provisions, Absence of robust risk management system, Insider abuse and fraud, unclear impact of board composition on performance, Delayed decision-making due to

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large board size, Lack of true independence in audit committees and insufficient gender and ethnic diversity on boards.

1.2 Statement of The Problem

Effective corporate governance practices is critical to firm performance and by extension shareholder value, and especially so after the collapses and scandals of the high profile corporates such as Enron, WorldCom and others in the US, serving as an impetus to such recent U.S. regulations as the Sarbanes-Oxley Act of 2002. The Act is considered the most sweeping corporate governance regulation in the past 70 years, with the main objective of the Act being to protect investors by improving the accuracy and reliability of corporate disclosures made pursuant to the securities laws and other purposes[24].

Ineffective corporate governance practices is the major cause of firms' crises in Nigeria. The poor corporate governance manifested in form of; poor internal control mechanisms, extreme risk taking, internal controls override, lack of or non-compliance with legal provisions, lack of risk management systems, insider abuses and fraud. This implied absence of robust corporate governance system among companies which hinder the public trust threatening their financial profitability and survival[25].

Board composition within an organization is viewed from the perspective of the total number of members that are usually present in the management decision of consumer goods companies. However, the extent to which the board composition has really affected the performance of business organizations especially the consumer goods companies is still lacking. Studies conducted emphasized that the board of manufacturing companies plays a crucial role in the overall success and sustainability of the business[35,40].

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They found that a diverse board with members from various backgrounds and expertise can lead to more innovative ideas and better decision-making processes. Additionally, having a board that is representative of the company's target market can provide valuable insights and help drive strategic growth initiatives [38]. But one issue that need to be addressed is the urgency of how decision making among consumer goods companies can be tailored to address immediate needs. Critics argue that companies with large board composition or board size usually experience delay in their decision-making process. This is supported by the view of, who argued that a smaller, more efficient board is necessary for quick decision-making in the fast-paced consumer goods industry than large firms. Although similar studies have had a conflicting view that large board have the tendency of improving performance, but the main issue is that is there a required number of boards that a company needs to optimize its performance? This however raises a question as to whether board composition have any effect on performance of consumer goods companies in Nigeria[39,40,43].

In the realm of corporate governance, the audit committee serves as a crucial mechanism for ensuring financial transparency, accountability, and integrity. However, the effectiveness of audit committees hinges largely on their independence from management influence and external pressures, as well as the expertise and diligence of their members opined that despite regulatory requirements mandating the presence of independent directors on audit committees, CGCs directors may still maintain close ties with management or major shareholders, compromising their ability to exercise unbiased judgment. An author argued that the presence of independent directors on audit committees does not necessarily guarantee true independence, as these directors may have longstanding relationships or financial dependencies that impede their autonomy. Similarly, CAMA 1990 section 356 states that a public company must have in its audit committee equal number of shareholders and non-executive directors, but it is quite shocking that in-spite of this law, some

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CGCs choose to ignore this requirement and stack their audit committees with more non-executive directors than shareholders. This blatant disregard for regulation raises concerns about the effectiveness of these committees in providing oversight and ensuring accountability[41,42].

Diversity within corporate boards is imperative for fostering innovation, enhancing decision-making processes, and addressing the needs of diverse stakeholders[36]. However, achieving meaningful diversity in Nigerian consumer goods companies remains a formidable challenge. For instance, the most glaring issue is composition of the women in the managerial decisions -making processes, with many companies still lacking female representation at the executive level most companies in Nigeria have less than 40% of women in their board but female occupy over 60% of lower-level roles which indicates a significant gender imbalance in leadership positions[43]. This lack of gender diversity not only limits the perspectives and ideas brought to the table, but also hinders the overall success and growth potential of these companies. Religion and ethnicity among board member is also a crucial issue that needs to be addressed. This is especially true within the Nigerian context which have over 200million people with over 200 ethnic groups, as diversity in these areas can bring a wealth of different viewpoints and experiences to the decision-making process. Similarly, Nepotism, cronyism, and reliance on traditional networks are pervasive in Nigerian consumer goods companies' board recruitment processes argued that boards may prioritize personal connections, familial ties, or shared affiliations over merit-based criteria, perpetuating homogeneity and exclusion[37]. This insular approach to board selection not only stifles diversity but also reinforces existing power structures and inequalities leading to reduced performance

Previous studies on corporate governance have looked at corporate governance with different dimensions and in different times. These researchers have been mainly concentrating on Banking

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and other service industries thereby ignoring other sectors particularly consumer goods manufacturing companies which is still prone to Corporate Governance issues[29,30,31,32,33]. These studies created research gap both in terms of variables, sectors and time of which this current study attempts to fill, by looking at how corporate governance, in terms of board composition, audit committee independence, board diversity and board size affects financial performance in terms of return on asset and return on equity of consumer goods producing manufacturing firms in Nigeria within the periods of 2013 and 2022

1.3 Aim and Objectives of the Study

The main aim of this study is to determine the effect of corporate governance practices on financial performance of consumer goods companies in Nigeria. Other specific objectives were to:

i. assess the effect of Board composition on financial performance of quoted consumer goods companies in Nigeria;
ii. examine the effect of Audit Committee independence on financial performance of quoted consumer goods companies in Nigeria;
iii. investigate the effect of Board diversity on financial performance of quoted consumer goods companies in Nigeria;
iv. ascertain the effect of Board size on the financial performance of quoted consumer goods companies in Nigeria;
v. establish the effect of corporate governance on financial performance of quoted consumer goods companies in Nigeria.

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1.4 Research Questions

In the course of this study, answers are provided for the following:

i. Does Board composition have significant effect on financial performance of quoted consumer goods companies in Nigeria.

ii. What is the effect of Audit Committee independent on financial performance of quoted consumer goods companies in Nigeria.

iii. How does Board diversity affect financial of quoted consumer goods companies in Nigeria.

iv. Does Board size have significant effect on financial performance of quoted consumer goods companies in Nigeria

v. Does Corporate governance have significant effect on financial performance of quoted consumer goods companies in Nigeria

1.5 Hypothesis

Hypotheses for the research are stated in the null form as follows:

$H_0$1: Board composition has no significant effect on financial performance of quoted consumer goods companies in Nigeria.

$H_0$2: Audit committee independence has no significant effect on financial performance of quoted consumer goods companies in Nigeria.

$H_0$3: Board diversity has no significant effect on financial performance of quoted consumer goods companies in Nigeria.

$H_0$4: Board size has no significant effect on financial performance of quoted consumer goods companies in Nigeria.

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$H_0$5: Corporate governance has no significant effect on financial performance of quoted consumer goods companies in Nigeria

1.6 Scope of the Study

The study aimed at establishing the influence of corporate governance practices on financial performance of quoted consumer goods companies in Nigeria. The variables considered were operationalized through board composition, audit committee independence, board diversity and board size. The study addressed itself on the aspect of financial performance only. The study also focused on the quoted consumer goods manufacturing companies in Nigeria between 2013 and 2022 only. This sector was selected because it is rich in production activities and there are numerous companies that have been established.

1.7 Significance of the Study

Findings of this study would be of significance to manufacturing companies' management in Nigeria. The study results will help the management to understand the relationship that exist between corporate governance and financial performance of their companies especially the role played by the board of directors in enhancing corporate governance.

The policy makers would obtain knowledge of the various firm dynamics and the responses that are appropriate; they will therefore obtain guidance from this study in designing appropriate practices that would regulate the shareholders participation in affecting the financial performance of the firms in Nigeria. Thus, the management and the shareholders will put in enabling policies and procedures to help put in place a board of directors that is independent, accountable, well-structured and that is committed. This in turn will foster company's performance.

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The study findings will also be of significance to the Government officials and government of Nigeria. With the realization of the critical role played by consumer goods companies in the development of the economy, the government at both levels would benefit from this study by developing legislations that would ensure companies' boards are constituted in a manner that would ensure public resources are safeguarded and their interests protected. Consequently, the observed trends of collapsed in the manufacturing industry would be reversed which would eventually lead to economic growth and development.

The study results would further offer significant contribution to scholars who would wish to research in the area of corporate governance. The findings would provide adequate literature that may be used as reference materials aimed at generating research gaps. Academicians would find the findings of the study as relevant instructional materials on the study construct.

1.8 Limitation of the Study

The most crucial limitation in this study was the fact that only 15 consumer goods companies that are quoted on Nigeria stock exchange were used for this study out of the entire consumer goods sector in Nigeria. More so, unavailability of some financial report made it another crucial limitation encountered in this study. For instance, the study planned to carry out investigation between 2013 to 2023, however, 2023 financial statements of most consumer goods companies were not published on any public domain making us stop at 2022. This made the study to restrict the period to 10 years starting from 2013 and ending in 2022 in order to have a general overview of financial performances happening in the Nigerian banking sector. This study could not also gather direct response from the management of the consumer goods companies so as to gather qualitative information that can affect financial performances other than financial metrics through corporate governance.

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1.9 Operational Definition of Terms

Audit committee independent: The audit committee independent is given the responsibility of selecting and overseeing the company's independent auditor. The Audit Committee shall consist of a minimum of three directors with independent directors forming a majority: Provided that majority of members of Audit Committee including its Chairperson shall be persons with ability to read and understand the financial statement.

Audit Committee: An audit committee is an operating committee of the Board of Directors charged with oversight and responsibilities of financial reporting and disclosure

Board composition: Board composition typically includes a mixture of inside directors and outside directors (also referred to as a non-executive directors), who are not employees or stakeholders in the company. Inside directors and outside director's help balance each other on a company's board.

Board diversity: This represents the composition of people with diverse ideas in the board. In short, diverse boards make better decisions and these result in better outcomes and profits for big companies. And when we say diversity, we don't just mean gender diversity (more women in the boardroom). Diversity is also about age, background and skills.

Board size: The board size may be defined as the total number of members serving on a firm's board (both outside and executive directors) at a specified time.

Corporate Governance: Corporate Governance is defined as a system of rules, practices and processes by which a company is controlled. It may also be defined as a way in which companies are govern and to what purpose. It identifies who has power and accountability, and who makes decision.

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Financial Performance: This is the ability of a business to earn a profit. It is the ability of a company to use its resources to generate revenue in excess of its expenses. The term is also used as a general measures of a firm's overall financial health over a given period.

Return on Assets (ROA): This is the net income of a business after taxes to total asset ratio.

It is the best indicator used to measure earning of the business.

Return on Equity (ROE): It measures the amount the firm is earning after tax for each money invested in the firm. In other words, ROE is net earnings per naira equity capital

1.10 Operationalization of Variables

Financial performance is a function of corporate governance

Y= f(x)

Y= Dependent Variable

X= Independent Variable

Y= Financial Performance

X= Corporate governance

X= f (X1, X2, X3)

X1= Board Composition

X2= Audit Committee Independence

X3= Board Diversity

X4= Board Size

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Y= f (y1, y2)

y1= Return on Assets

y2= Return on Equity

y1= f (X1, X2, X3) ……..

ROA= f (BC, ACI, BD, BS) …… (1)

y2= f (X1, X2, X3) ……..

ROE= f (BC, ACI, BD, BS) …… (2)

Where

ROA= Return on Assets

BC= Board Composition

ACI= Audit committees Independence

BD= Board Diversity

BS= Board Size.

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Chapter Two

Literature Review

This chapter covers the previous work done by other scholars in the same field of study. The chapter specifically focused on the key theoretical framework that will be used to anchor the study, review of related empirical literature. The chapter also provided the summary of the reviewed literature and the research gaps as well as the conceptual framework.

2.1 Conceptual Review

2.1.1 Concept of Financial Performance

Financial performance is the net result of a number of policies and decisions of the company. Financial performance is a fundamental measure of the overall success of the company[1]. Meanwhile, according to APB Statement, Financial performance is an excess of income over expenses for one accounting period[2]. From the above statements, it can be concluded that financial performance is a measure of a company's success in achieving its objectives in a particular accounting period. Financial performance ratio can be measured by several indicators; profit margin, ROA (return on assets), ROE (return on equity), ROI (return on investment), Net Profit Margin = Net profit/sales x 100 % and EPS (earnings per share).

Financial performance is one to measure profit and the success of a company's operations in a certain period of time or in other words refers to long-term profit, not quarterly profit or current year[3]. Profit (or possibly loss) affects the ability of a company to obtain funding or equity. In addition, it also affects the company's liquidity position and the company's ability to develop. Therefore, both creditors and investors are very interested in evaluating a company's ability to earn profits[4]. In this study financial performance will be measured using Return on Assets (ROA) and Return on Equity (ROE). ROE as one of the financial performance ratios is a very important

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indicator for investors, because ROE shows the more efficient the company uses its own capital to generate investor profits planted in the company.

ROE is needed by investors to measure a company's ability to generate profits based on certain capital. This ratio is a measure of financial performance from the perspective of the shareholders. The ROE ratio can be calculated as follows: Profitability affects the value of the Corporate, because financial performance is a measure of corporate performance as measured by the profits generated. Companies that succeed in gaining ever-increasing profits indicate that the corporate has a good performance, thus creating positive responses from investors and encouraging a rise in the corporate's stock price. Companies with high profitability show that the corporate manages the corporate's wealth effectively and efficiently[4].

Financial performance is the ability of a firm to generate revenue in such a way that it exceeds cost, in connection to the firm's capital base. Notably, a strong and profitable firm is better able to resist negative shocks and contribute more to the stability and development of the financial system. Financial performance is a relationship that exists between the profits generated by a company and the investments that backed up the attainment of these profits. They also stated that financial performance ratios calculate the competence with which a company converts business activity into profits. Profit margins evaluate the capability to convert revenue into profits. Return on assets evaluates the ability to use assets to create net income[5]. Expanding this, literature affirmed that the absence of confidence in the operational activities of the banking sector is toxic to the performance level mostly measures in terms of Return on Assets (ROA), Return on Equity (ROE), Net Profit Margin (NPM) and Profit after Tax (PAT)[6].

Basically, the financial performance of a company in the manufacturing sector could be measured using; Return on Assets (ROA) which focus on the capacity to create income through the

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optimization of a firm's assets; Return on Equity (ROE) which evaluates how much profit is earned comparatively to shareholders' equity; Earning per Share (EPS) which depicts the quota of a company's taxes (net), earnings and preferred stock dividends, that is distributed to each share of common stock; and Profit After Tax (PAT) which represents the figure earned by a firm after all taxation related expenses have been subtracted. Observably, while some companies are thriving in the industry, it seems others are financially distressed[7].

A study described ways of measuring firm performance to include; profitability, cash flow, sales growth and market to book value. The portion of earnings not paid out to investors is ideally reinvested back to the company in order to provide for future earnings growth and means of increasing working capital without payment of loan interest[8]. Investors are very keen in finding out how much of the earnings are issued out to investors as either the debenture or shareholders warranty or how much is kept back to the company. Earnings kept from the investors are known as retained earnings, which ideally should be reinvested to provide for future earnings growth. They hope that the firms will use their retained earnings to either maximize their current operations or invest it to recoup higher profits[9].

Companies need to profit from their activities in order to survive and grow over a long period of time. Company performance, according to a study, is an essential concept that connotes the way in which a company's financial resources are used prudently to achieve its overall goal[10]. Another study stated that it is necessary to earn sufficient profits to maintain the operation of the company, to be able to obtain funds from investors for growth and growth, and to contribute to social overheads for the welfare of society[11].

The word performance is derived from the word parfourmen, meaning to do to perform, or to render. It relates to the act of performing; execution, achievement, fulfillment, etc. Performance in the

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border sense refers to the performance of a given task measured against current standards of accuracy, completeness, cost and speed. It refers, in other words, to the degree to which an accomplishment is or has been achieved. In Kohlar's words, performance is a general term used to refer to a part or all of an organization's activities over a period of time, often with reference to past or projected cost efficiency, responsibility for management or accountability or the like. Thus, not only the presentation, but the performance refers to the quality of the results achieved[12].

Performance is used to indicate the success, circumstances and compliance of the company.

Therefore, financial performance refers to the act of conducting financial activity. Financial performance, in a broader sense, refers to the degree to which financial goals are or have been achieved. It is the process of measuring in monetary terms the results of the policies and operations of a company. Financial performance measures the overall financial health of the company over a given period of time and can also be used to compare similar companies in the same sector or to compare aggregate industries or sectors[13].

A study described ways of measuring firm performance to include; profitability, cash flow, sales growth and market to book value. The portion of earnings not paid out to investors is ideally reinvested back to the company in order to provide for future earnings growth and means of increasing working capital without payment of loan interest. Investors are very keen in finding out how much of the earnings are issued out to investors as either the debenture or shareholders warranty or how much is kept back to the company. Earnings kept from the investors is known as retained earnings, which ideally should be reinvested to provide for future earnings growth[13]. They hope that the firms will use their retained earnings to either maximize their current operations or invest it to recoup higher profits.

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Financial performance is a subjective measure of how well a company can use assets and generate revenues from its primary mode of business. This term is often used over a given period of time as a general measure of the overall financial health of a business, and can be used to compare similar companies in the same industry or to compare aggregated industries or sectors[12]. Financial performance can be measured in many ways. These include: Profitability which describe how much wealthy a company is making after paying for all the expenses and other charges incurred. It is sufficed to say that, the higher the profit of a firm the better the firm's performance evaluation among others.

Financial performance can also be measured using; Cash flow which is the difference between the amount of cash at the end of the period and the amount of cash at the beginning of the same period. Positive cash flows indicate a positive financial performance while a negative one indicates poor performance. A study defined cash flow as cash generated by the firm and paid to creditors and shareholders. It can also be measured by the Balance sheet strength[14]. This is the company's assets relative to its liabilities at a specific point in time. More assets and fewer liabilities result in a stronger balance sheet. A strong balance sheet is highly preferred. Several ratios can be calculated from the statement of financial position to measure financial performance e.g.; Return on Assets, Return on Investments, Return on Equity, etc[15].

Financial performance is the core of any business, it involves; maximization of profits and it is enhanced by operational performance as increase in market share also contributes to firm value. To assess the health of an economy, there is need for a study around the financial performance of banks in that economy[16]. Survival of a business is largely pegged on the financial performance of a firm because companies like Enron and WorldCom collapsed due to Andersen accounting related scandals, which reflected positive performance but liquidity unveiled scandals[17].

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Financial ratios are the most important methods that are used in the evaluation of a company's performance, and usually are based on different aspects of the firm[18]. Mostly financial ratios are used to determine the firm's financial performance and besides, it is used for comparison purposes. These ratios also help in forming a basis for financial analysis to establish the relationship between the income statement and the balance sheet[19].

2.1.1.2 Return on Asset (ROA)

This is one of the proxies for measuring going concern of a company. It is defined as the profit before interest and tax divided by total assets as at the end of the fiscal year under consideration multiply by hundred percent. This is preferred in this research because the researcher believes it is more comprehensive in Going Concern measurement. (ROA) represents the amount of earnings (before interest and tax) a company can achieve for each naira of assets it controls and is a good indicator of a firm's Going Concern. It determines whether the company is able to generate an adequate return on these assets rather than simply showing robust return on sales. ROA explicitly takes into account the assets used to support business activities[20]. It is given by the formula:

ROA = Profit before interest and tax X 100

Total Assets

Return on assets (ROA) indicates the profitability of a company as it relates to the total assets of the company. It gives a clue as it relates to whether management of the company has been efficient in using assets of the company in generating earnings. Return on assets (ROA) is the most appropriate measure of the performance of a company and when there is an increase in ROA ratio it portrays positive financial performance of relative business and vice versa[20].

The best indicator used to measure earning is the Return on Assets (ROA), which is net income after taxes to total asset ratio. Strong earnings and profitability outline of banks reflect the

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capability to sustain present and future operations. More specially, this determines the capacity to take in losses, finance its debts, pay dividends to its shareholders, and build up a sufficient level of capital. Being leading edge of defense against erosion of capital base from losses, the need for high earnings and profitability can rarely be emphasized. Although various indicators are used to serve the purpose, the paramount and most widely used indicator is Return on Assets (ROA) as opined by researcher[21].

The Return on Assets (ROA) is a financial ratio that refers to the performance of a firm. It is a ratio of Income to its Total Assets[22]. It measures the ability of the firm management to generate income by utilizing company assets at their disposal. In other words, it shows how efficiently the resources of the company are used to generate the income. It further indicates the efficiency of the management of a company in generating net income from all the resources of the institution[22]. A higher ROA shows that the company is more efficient in using its resources[23].

It has been indicated that Return on assets (ROA) is widely used by market analysts as a measure of financial performance, as it measures the efficiency of assets in producing income. The most used accounting measures of financial performance is Return on Assets (ROA)[24,25,26,27.] Thus, this study used return on assets (ROA) as a measure of financial performance.

Return on assets (ROA) measures the effectiveness of the economic unity in using its assets to generate profit especially manufacturing, the higher this ratio, the better the economic unity of the as it indicates the management's efficiency in using its assets to generate profit. It also represents the ratio of how much a firm has earned on its asset base, and the return on assets (ROA)[32]. ROA has also been used in several studies as a dependent variable. Because the net profit in relation to the selected firm's asset base is a good way to measure the extent of returns on investments made in

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the firms. Return on assets (ROA) has been used as a measure of profitability performance by different authours[28,29,30,31,32].

2.1.1.3 Return on Equity (ROE)

One of the most important financial performance metrics is return on equity (ROE). Return on equity reveals how much profit a company earned in comparison to the total amount of shareholder equity found on the balance sheet. A business that has a high return on equity is more likely to be one that is capable of generating cash internally. For the most part, the higher a company's return on equity compared to its industry, the better[33]. One of the ways to measure the profit enjoyed by shareholders is by using return on equity (ROE) ratio, the reason is that ROE ratio is comparable between one company to the other and can indicate the profitability of one industry with the other[34].

ROE is a financial ratio that refers to how much profit a company earns compared to the total amount of shareholder equity invested or found on the balance sheet. ROE is what the shareholders look in return for their investment. A business that has a high return on equity is more likely to be one that is generating cash internally. Thus, the higher the ROE the better the company is in terms of profit[35]. Although ROA provides useful information about firm profitability, it is not what the firm's owners (equity holders) care about most. They are more concerned about how much the firm is earning on their equity investment, an amount that is measured by the return on equity (ROE), the net income per Naira of equity capital.

Return on equity shows the financial performance to shareholders of the firm after all expenses and taxes[36]. It measures the amount the firm is earning after tax for each dollar invested in the firm. In other words, ROE is net earnings per dollar equity capital. It is also an indicator of measuring managerial competence[37]. By and large, higher ROE means better managerial performance; however, a higher return on equity may be owing to debt (financial leverage) or higher return on

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assets. Financial leverage creates an important distinction between ROA and ROE in that financial leverage always expands ROE. This will always be the case as long as the ROA (gross) is greater than interest rate on debt[38]. Usually, there is higher ROE for high growth companies.

ROE is a financial ratio that refers to how much profit a company earned compared to the total amount of shareholder equity invested or found on the balance sheet. ROE is what the shareholders look in return for their investment. A business that has a high return on equity is more likely to be one that is capable of generating cash internally. Thus, the higher the ROE the better the company is in terms of profit generation[38]. ROE is the ratio of Net Income after Taxes divided by Total Equity Capital. It represents the rate of return earned on the funds invested in the bank by its stockholders. ROE reflects how effectively a bank management is using shareholders' funds. Thus, it can be deduced from the above statement that the better the ROE the more effective the management in utilizing the shareholders capital[39].

ROE is a ratio that provides investors with insight into how efficiently a company and its management team are managing the money that shareholders have contributed to it. In other words, it measures the profitability of the company in relation to the shareholders' equity. The higher the ROE, the more efficient a company's management is at generating income and growth from its equity financing[40]. ROE is often used to compare a bank/company to its competitors and the overall market. The formula is especially beneficial when comparing firms in the same industry since it tends to give accurate indications of which banks are operating with greater financial efficiency.

The Return on Equity (ROE) is a financial performance ratio that refers to how much profit a company earned compared to the total amount of shareholder equity invested or found on the balance sheet. ROE is what the shareholders look in return for their investment. A business that has

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a high return on equity is more likely to be one that is capable of generating cash internally. Thus, the higher the ROE the better the company is in terms of profit generation[22]. ROE is the ratio of Net Income after Taxes divided by Total Equity Capital. It represents the rate of return earned on the funds invested in the bank by its stockholders. ROE reflects how effectively a bank management is using shareholders' funds. Thus, it can be deduced from the above statement that the better the ROE the more effective the management in utilizing the shareholders capital[22,41].

2.1.2 Concept of Corporate Governance

Corporate governance refers to the control of corporate policy through the power legally vested in a group or groups of people to chart a course of action to be followed by the organization in areas of fundamental importance to its survival, prosperity and proper functioning[42]. It includes the mode of structure, the power that determines the right and responsibilities of the various groups involved in running the organization, the legitimate expectation of the business, the operating method and the overall accountability of management and of the directors and its subordinates also to other interested groups[43]. Good corporate governance requires companies to adopt practices and policies which comprise performance, accountability, effective management control by the board of directors, constitution of board committee as part of professionally qualified, non-executive and independent directors on the board, the adequate timely disclosure of information and the prompt discharge of statutory duties[44].

The Organization for Economic Cooperation and Development (OECD) put forward a set of international principles of corporate governance. These principles were developed both in response to growing recognition of the importance of governance to enterprise performance and to the spate of recent corporate failures in the world. The OECD principles are organized under five headings,

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namely: the rights of shareholders, equitable treatment of shareholders, and role of stakeholders, Disclosure and transparency; and the responsibilities of the board[12].

This principle deals with the rights of shareholders. It concerns the protection of shareholders' rights and the ability of shareholders to influence the behavior of the corporation. The basic shareholders' rights include the right to Secure methods of ownership registration; Convey or transfer share; Obtain relevant information on the corporation on the timely and regular basis; Participate and vote in general shareholder meetings; Elect members of the board; and Share in the profits of the corporation[12].

Corporate governance can influence a firm's performance whenever a conflict of interest arises between management and shareholders and or between controlling and minority shareholders. In the management-shareholder conflict, the agency problem manifests itself in management's low effort and unproductive investments, usually known as perquisites. In the controlling-minority shareholder conflict, controlling shareholders use their power to benefit themselves at the expense of the minority shareholders, in what is called expropriation or private benefits of control[45]. The root of both conflicts is the fact that the manager in the first case, and the controlling shareholders in the second case, receives only a portion of the firm's net revenue, while they fully appropriate the resources diverted (Organization for Economic Co-operation and Development)[46].

Good corporate governance ensures that the business environment is fair and transparent and that companies can be held accountable for their actions. Conversely, weak corporate governance leads to waste, mismanagement, and corruption. It is also important to remember that although corporate governance has emerged as a way to manage modern joint stock corporations it is equally significant in state-owned enterprises, cooperatives, and family businesses. Regardless of the type of venture, only good governance can deliver sustainable good business performance[47].

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Organizations with good corporate governance have the capacity to maintain high-quality services and to deliver improvement. Poor governance arrangements set the framework within which the organizational systems and processes fail to detect or anticipate serious service and financial failures. Good governance in organizations, based on openness, clarity and honest accountability enhances public trust and civic engagement[48].

Good and adequate corporate governance mechanisms support the going concern principle of business and are critical elements of sustainable growth and development. Business stakeholders like creditors, host communities, suppliers, shareholders, employees, consumers, and the government are happy when businesses are profitably managed because their interests are well catered for when firms generate sufficient cash flows. For instance, the government receives steady revenue in the form of corporate tax, which is required for infrastructural development, and through improved tax revenue, corporate governance can enhance capital formation[49].

Study argues that erroneously, corporate governance has been linked to barriers resulting from red tape and challenges that are left to large companies[50]. Whereas firms have widely adopted the use of corporate governance (CG) as a better principle of corporate performance, year of experience, initial capital invested in a business and the cost associated to the business has a significant effect on the performance of an enterprise[51]. The absence of a good CG has been seen as a major course of collapse of most business firms. Similarly, good CG norms are indeed significant in improving the financial performance of business firms[52]. Most corporate firms are experiencing stagnation in growth and thus registering decline in profits in the last years resulting from harsh and unstable operating business environment.

Notionally, corporate governance practices are expected to: focus board attention on optimizing the company's operating performance and returns to shareholders; ensures that directors made

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accountable to shareholders and management accountable to directors; both corporate directors and management have a long-term strategic vision that, at its core emphasizes sustained shareholder value. Further, despite differing investment strategies and tactics, shareholders should encourage corporate management to resist short-term behaviors by supporting and rewarding long-term superior returns. In addition, information about companies must be readily transparent to permit accurate market comparisons[53].

The corporate governance debate has largely centered on the powers of the Board of Directors vis-à-vis the discretion of top management in decision making processes. The traditional approach to corporate governance has typically ignored the unique influence that firm owners exert on the board, and by extension, the top management, to behave or make decisions in a particular way. Consequently, studies on corporate governance have not comprehensively identified and dealt with the complexities that are inherent in corporate governance processes[42,45,46,47,50,51]. Perhaps, this is where the greatest problem of corporate governance lies. Owner preferences and investment choices are influenced by, among other factors, the extent to which they can take risks.

To better appreciate the corporate governance issues, firms need to also take into consideration the risk-taking orientations of their shareholders as these have a direct bearing on the type of investment decisions that managers will prefer. Firm ownership structure is thus discussed in terms of the actual identities of the owners as well as percentages of shareholding by these shareholders (ownership concentration). In addition, managerial discretion is critical for innovation and creativity, which translate to firm performance. External governance factors also play a role in supporting good corporate governance. The external environment includes both the takeover mechanisms and the laws and regulations that enforce the rights of shareholders and other

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stakeholders, such as creditors, and a good external environment also includes appropriate oversight by government or other regulatory bodies like Central Banks and the Stock Exchange Markets[51].

Outsiders have two main instruments to counterbalance this power: the enforcement of adequate corporate governance standards and the quality of the regulatory and legal environment, which should discourage detrimental actions by insiders and, once committed, allow affected stakeholders to challenge them through corporate and judicial channels. The principal-agent relationship may be reflected in management pursuing activities which may be detrimental to the interest of the shareholders of the firm[54].

Among the set of corporate governance mechanisms, the board of directors is often considered the primary internal control mechanism to monitor top management and protect the shareholders' interest. Board of directors is a "market-induced institution, the ultimate internal monitor of the set of contracts called a firm, whose most important role is to scrutinize the highest decision makers within the firm". It has been argued that it is the responsibility of the directors to ensure that financial statements are prepared according to approved accounting standards[55]. Since the applicability of accounting standards is very flexible, management may choose an acceptable accounting method or estimate that is appropriate for the need of the organization. In this respect, the compliance with the accounting standards may not necessarily mean that financial statements are free from manipulation[56]. Thus, the compliance with accounting standards as required in the Companies and Allied Matters Act (CAMA), 1990 may reduce the propensity to manage earnings but may not eliminate the entire practice of earnings management[57].

Therefore, it is important that the board of directors carry out its monitoring role effectively in order to ensure that financial reporting provides quality information to users by reflecting proper underlying economic substance of the company transactions. The components within the board are

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essential ingredients for effective monitoring. The appointment of managers as directors (i.e., insiders) is important because they have more information about the organization compared to outside directors. However, domination by insiders may lead to transfer of wealth to managers at the expense of the stockholders[58]. Therefore, outside directors are appointed on the board mainly to obtain independent monitoring mechanism over the board process thereby reducing agency conflicts and improve performance[59]. Consistent with this theory, results in prior studies suggest that outside directors are positively related to abnormal stock return and performance and negatively related to fraudulent reporting[60].

Corporate governance, encapsulates what defines the framework of operation of an organization, detailing the processes, regulatory code and ethics that ensure that an organization maintains free flow of operational interaction with the society towards achieving predetermined organizational goals[61]. Corporate governance entails the engagement of the management in putting in place, the right strategies that would foster operational optimality that can guarantee the transparency and accountability of dealings in an organization[62]. Various scholars have measured corporate governance using different proxies such as institutional ownership, managerial ownership, board size, audit committee size, director's remuneration, board meeting, board independence, ownership structure, as well as board diversity[63,64,65,66,67].

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2.1.2.1 Board Composition

Board composition refers to the number of independent non-executive directors on the board relative to the total number of directors. An independent non-executive director is defined as an independent director who has no affiliation with the firm except for their directorship[68]. There is an apparent presumption that boards with significant outside directors will make different and perhaps

better decisions than boards dominated by insiders. A study suggest that non-executive directors can play an important role in the effective resolution of agency problems and their presence on the board can lead to more effective decision-making, hence improved firm performance[69].

Also, a study posited that the proposition of board composition is to help reduce agency problem. From this position, a positive relationship is expected between firm performance and the proportion of outside directors sitting on the board[70]. Conflicting empirical evidence has evolved with respect to board composition in the recent past. There exist mixed results from empirical studies on the effects of board composition and performance. A study examined corporate governance and firm performance on some Nigerian listed banks between 2000 and 2006 and found no significant relationship between board composition and firm performance[10]. This outcome has also, the support of other studies who further added that the performance of banks tends to be worse when there are more external board members[72,73,74,75].

The CBN code 2014 has no minimum number of directors a firm should have in its board of directors but have a maximum number of 20 directors. Similarly, PENCOM code of 2008 has no limit as to the number of directors in the board of companies licensed as pension operators, just like the SEC code of 2011 and other similar codes of corporate governance both in Nigeria and other countries of the world. NAICOM code 2009 provides for not less than 7 directors in the board of insurance, reinsurance and loss adjusting companies, likewise in other industrial firms and allied companies. The SEC code 2003 clearly specified a maximum of 15 directors in board of directors in the board of directors but the reviewed code in 2011 remove the limit and place a minimum of five (5) directors in a board. The reviewed codes have received and are capable of making it. An independent chair must be able to look his or her CEO in the eye and say "this is my board and I do not agree with you and your management on this issue"[76].

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In most business firms, although the board is set as an effective tool in corporate governance, the management of business firms seems to be in theory, it has noted that practically their value is less clear[77]. Corporate governance ought to support the firm's structures while focusing on the set objectives of the firms and how to monitor the performance that would ensure efficiency and effectiveness in service delivery[78]. Similarly, the structure and composition of the board should have individuals possessing good reputation and ought to maintain good corporate integrity. It is also important to note that board composition would support the structure of the board to function well[79].

The size of the board is measured by the number of directors serving on such boards. There is a point of view that larger boards are appropriate for corporate execution since they have a scope of ability to enable settle on to better choices, and are more difficult for an efficient CEO to rule. Be that as it may, late intuition has inclined towards minor boards[80]. A study contend that substantial boards are less powerful and are simpler for a CEO to control and recommend an ideal board size in the vicinity of seven and nine executives[81].

Consequently, as board size builds board action is required to increment to make up for increasing process losses. The contention is that large boards are less powerful and are less demanding for a CEO to control. The cost of coordination and handling issues is likewise high in large boards and this settles on basic leadership troublesome. Then again, littler boards diminish the likelihood of free-riding and consequently have the inclination of improving firm execution[82].

At the point when the idea of board is acknowledged, it can be naturally accepted that a bigger board is ideal, as this empowers the consideration of more various board individuals bringing diverse areas of expertise, expanded board measure causes expanded issues of coordination and correspondence, undermining board viability in monitoring agents. Moreover, bigger sheets have

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been observed to be portrayed by diminished capacity of executives to censure top directors and to dissect and talk about firm execution truly[83].

Extensive board will probably confront high expenses to monitor the firm and they are more averse to have viable capacity when the extent of the board is more than seven or eight individuals. The agency model recommends that as board size turns out to be substantial, the agency problem related to director freeriding increases and the board becomes more symbolic and less a part of the management process[84]. Substantial boards will probably be controlled by the CEO as opposed to the board monitoring and controlling the administration. This will give the directors the spaces to seek after their own interest as opposed to adjusting to the interests of the investors and administrators prompting increment in the agency problems and thereby lower companies' performance execution[85].

A study contends that as board size winds up noticeably bigger it will be more troublesome for board individuals to achieve consensus because of the more assorted opinions and decisions. In this manner, large boards are slower and less proficient in settling on choice. These activities may expand the agency conflict, in light of the fact that with less coordination and correspondence this will prompt decline the board individuals' capacity to control and monitor management which may bring about more regrettable firm execution[10].

A study also contends that, detailing and receiving new thoughts and concurring on various feelings are more averse to occur in large boards, which will bring about less change of the board function to furnish the directors with smart thoughts and contributions[86]. In this manner, the contention in the board implies that board individuals are more averse to work in light of a legitimate concern for the investors therefore agency problem increase. A study presumed that to-date there is as yet a level headed discussion about the ideal size of the board[86].

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Similarly, there is a negative relation between outside directors and earnings management. However, there are critics on the role of non-executive directors on the board. Some believe that they perform little role in monitoring the board because lack of real independence, time, as well as enough information[87]. To be effective, independent non-executive directors should have both, strong incentives to monitor the board, and the capabilities to identify earnings management. Boards dominated by outsiders are arguably in a better position to monitor and control managers. Outside directors are independent of the firm's managers, and in addition bring a greater breadth of experience to the firm[88].

2.1.2.2 Audit Committee Independence

An audit committee is an operating committee of the Board of Directors charged with oversight and responsibilities of financial reporting and disclosure. Committee members are drawn from members of the company's board of directors, with a leader selected from among the committee members. The Companies and Allied Matters Act (CAMA), 1990 states that a public limited liability company should have an audit committee (maximum of six members of equal representation of three members each representing the management/ directors and shareholders) in place. The members are expected to be conversant with basic financial statements. The audit committee's function has evolved over the years. The primary objective of an Audit Committee is to increase the credibility of annual financial statements, assist directors in meeting their responsibilities and enhance audit independence[89].

The audit committee operates as a representative of the board of directors from whom it receives its powers to perform its corporate governance responsibilities which include overseeing and monitoring the organization's financial reporting, disclosure, internal and external audit, internal control, regulatory compliance, and risk management activities; this applies to public, private, and

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mix sectors, as well as some non-governmental and not-for- profit organizations[90]. The audit committee provides the board of directors with necessary advices and recommendations which include ensuring: that the respective organization complies with relevant regulations and ethical principles and standards; that the internal auditors are independent and competent; that the financial statements have been prepared correctly and accurately; and that the compensations paid to the organization's executives were according to fairness and professionalism[90].

Audit committees are identified as effective means for corporate governance that reduce the potential for fraudulent financial reporting. Audit committees oversee the organization's management, internal and external auditors to protect and preserve the shareholders' equity and interests. To ensure effective corporate governance, the audit committee report should be included annually in the organization's proxy statement, stating whether the audit committee has reviewed and discussed the financial statements with the management and the internal auditors[90]. As a corporate governance monitor, the audit committee should provide the public with correct, accurate, complete, and reliable information, and it should not leave a gap for predictions or uninformed expectations.

Audit Committees have been involved in monitoring and protecting the interests of shareholders[91]. Researchers have also argued that financial reporting is more reliable and questionable corporate practices are reduced where an audit committee exists[92,93,94]. Due to their responsibility for oversight of internal control and financial reporting, good governance dictates that audit committee members should possess a certain level of financial competencies. Thus, the a study recommends that each member of the audit committee should be or become financially literate and that at least one member should have accounting or related financial management expertise, where 'experience' is defined as 'past employment experience in finance or accounting, requisite professional

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certification in accounting, or any other comparable experience or background which results in the individual's financial sophistication, including being or having been a CEO or other senior officer with financial oversight responsibilities[94].

Most, if not all, of the audit committee activities and responsibilities are related directly or indirectly to the audit committee roles in corporate governance. The audit committee's composition, competence, independence, and expertise are strongly correlated with the organization's corporate governance. The increasing demand on the corporate governance and accountability related to the board of directors, particularly the recent lawsuits and investigations, made the creation of audit committees an extremely necessary step[94]. The audit committee reviews the organization's annual, quarterly, and monthly reports; it issues its reports and recommendations to the board of directors; and annually issues a report submitted to the shareholders (as part of the organization's annual report) describing its activities and responsibilities during the year. The audit committee has relationships with almost all of the organization's stakeholders (e.g., board of directors, management, internal auditors, external auditors, and, to a certain extent, shareholders and financial statement users), as well as the governing and regulatory bodies[93].

Accounting quality in terms of quality in financial reporting offers guidance for all areas of financial reporting, not just the contents of reports. It sheds new light on the importance of auditors' independence. Specifically, auditing financial reports add credibility to management's reports and reduce uncertainty, risk and the cost of capital. Quality financial reporting shows managers that they can create value by voluntarily increasing auditors' independence. Accounting Principles (GAAP) in all material respects Audit committee depends on company's management and outside auditor for a full range of information, based on both facts and judgment, on the financial reporting process. Poor quality financial reporting, can result from the failure of an audit committee to

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question management selection of accounting methods and they are not equipped to guarantee the accuracy and quality of a company's financial reports and accounting practices[94].

On account of this introduction, the audit committee as a sub-committee of the board of directors has oversight responsibility for the financial reporting process. The audit committee is expected to provide a formal communication between the boards, the internal monitoring system and the external auditor. A study affirms that the audit committee's oversight responsibility for the firm's financial reporting process and its primary purpose is to enhance the credibility of audited financial statements[95]. Another study argued by asking whether Audit Committee Independence can significantly improve the financial reporting quality. He further said that it is unlikely, because current accounting practices allow wide discretion by management in the choice of accounting methods and estimates[96].

Shareholders' interests are protected through the activities of audit committee because management may not always act in the interest of corporation's owners[97]. Studies in favour of larger audit committee posited that when more people are involved in checking the activities of managers, wrongdoings will be reduced and performance will be enhanced. A number of studies which revealed positive relationship between audit committee size and firm performance include[98,99]. However, other researchers reported that there is no positive relationship between audit committee size and the performance of firms[10]. From the foregoing, there exist a mixed reaction with respect to the relationship between audit committee size and firm performance. The position of other author Prakash and Martins make logical sense as the interest of shareholders can be protected by a number of individuals who will be difficult to manipulate especially when they are large in number[97].

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Independence of the board of directors is necessary for them to objectively monitor the activities of the management, acting as agents of the shareholders to ensure that their actions are in line with shareholders interest and in accordance with the spirit of the agency relationship. In addition, the manner in which the board is constituted has also been shown to influence the performance of a firm. A Study suggested that corporate transparency which is perceived as the extent to which outsiders can observe and scrutinize manage actions[100]. To achieve this, the board should put in place regulations, values, policies and procedures to safeguard information, open decision making and operate openly with employees, shareholders and other stakeholders[99]. A study stated that board accountability is observed from three perspectives of accuracy, clarity and adequate disclosures to the interested parties[101].

Consequently, looking at board independence**,** a board is more independent if it has more non-executive directors. As to how this relates to performance, empirical results have been inconclusive. In one breath, it is asserted that executive directors are more familiar with the firm's activities, therefore are in a better position to monitor top management. On the other hand, it is contended that non-executive directors may act as "professional referees" to ensure that competition among insiders stimulates actions consistent with shareholder value maximization[102]. Independent directors are incentives to scrutinize diligently, because they seek to protect their reputation as effective monitors of managerial discretion. Since they are in a better position to discipline management, independent directors are arguably more effective in prohibiting opportunistic behavior, thereby reducing potential agency conflicts[103].

2.1.2.3 Board Diversity

Here is a view that larger boards are better for corporate performance because they have a range of expertise to help make better decisions, and are harder for a powerful CEO to dominate.

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However, recent thinking has leaned towards smaller boards. Studies argued that large boards are less effective and are easier for a CEO to control. When a board gets too big, it becomes difficult to co-ordinate and process problems. Smaller boards also reduce the possibility of free riding by individual directors, and increase their decision-making process[104,105]. Empirical research supports this. Thus, another study documented that for large firm large U.S industrial corporations, the market values firm with smaller boards more highly[106]. A study also finds negative correlation between board size and profitability when using sample of small and midsize finish firms[107].

The diversity in the board is significant in that it enhances effectiveness in corporate governance. Board diversity of its members should be based on various dimensions which are advantageous to a firm, since they come along with different ideas which complement one another[108]. A study urges that the characteristics in board composition such as nationality, age, independence, gender comes along with many attributes, which supports the firm[109]. Gender diversity in the composition of the board would enhance a balance in decision making as in a way female think different from men[110]. Female members are very sensitive to many issues such as community response, leadership style, and employee's attitude[111].

In most business firms, although the board is set as an effective tool in corporate governance, the management of business firms seems to be in theory; it has noted that practically their value is less clear. Corporate governance ought to support the firm's structures while focusing on the set objectives of the firms and how to monitor the performance that would ensure efficiency and effectiveness in service delivery[78]. Similarly, structure and composition of the board should have individuals possessing good reputation and ought to maintain good corporate integrity. It is also important to note that board composition would support the structure of the board to function well[79]. A study posits that the size of the board impacts on the quality of corporate governance taking into

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consideration that larger boards could be dysfunctional while smaller boards look to be better because the boards which are large are most likely to plague in to problems of monitoring the firm well[112].

However, a study reveals that larger boards come along with vast intellectual knowledge which supports decision making and enhances firm's performance[113]. Organizations would want a diverse board comprising of members with multiplicity of knowledge, experience and skills to support its expansion, however no concrete and substantial evidence has proved that board composition and diversity influences decision making of management[114]. Similarly, a study reveals that firms having a larger board size are most likely to pay higher dividends at the end of the period while greater independence of the board would promote better quality governance and monitoring of the firm[115]. A study conducted a study on the effect of corporate governance on firm performance of listed companies in Sri Lanka and found out that board sizes and audit committees have a significant impact on return on assets (ROA)[116].

With respect to board diversity, another study maintains that high female representation on boards provides some additional skills and perspectives that may not be likely with all-male boards. Further they added that board diversity promotes more effective monitoring and problem-solving as well female board members bring diverse viewpoints to the boardroom and will provoke lively boardroom discussions[117]. Gender diversity in the boards is supported by different theoretical perspectives. Diversity of the board of directors and the subsequent conflict that is considered to commonly occur with diverse group dynamics is likely to have a positive impact on the controlling function and could be one of several tools used to minimize potential agency issues[118].

It is argued in a study that when managers and executives constitute the board of directors of business firms, their stewardship behavior is likely to translate into highly performing firms. By

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examining the diversity of the board of directors, it was argued that boards which constitute a majority membership of firm managers and executives are likely to perform better than firms whose boards constitute a greater majority of members outside the firm. The mode of communication in boards where majority of the membership are firm managers and executives will reflect interests internal to the firm, since managers and executives operate on interests that are in line with the firm's interests, which are the principals. Also, the presence of firm managers and executives on the board is likely to be influential in the integrity of the board. After all, the goals of the managers and executives are self-actualization but in the interest of organizational goals[119]. This assumption agrees with a study who observed that boards that are dominated by insiders (in this case managers and executives) have in-depth, technical and current knowledge and information need for the firm's success[120]. However, such assumptions do not thwart previous scholars who noted the possibility of one individual coming as a steward towards a certain goal and an agent towards another goal. This is possibly due to the multiplicity of goals and conflicts among principals[121].

A number of studies have linked the proportion of outside directors to financial performance and shareholders 'wealth[122,123,124]. A study posits that firms with high quality governance mechanisms, such as independent board of directors are associated with low levels of earnings management. To the extent that independent outside directors monitor management more effectively than inside directors, this study hypothesizes that companies with a greater proportion of independent directors will be less likely to engage in earnings management than those whose boards are staffed primarily with inside directors[125].

The combination of executive and non-executive directors constituting a firm's board is very vital for its performance and in achieving the objective of the firm for better result. The proportion of the non-directors would to a large extent determine the quality of decisions taken since objectivity

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would play a crucial role and whether the board can actually monitor and control the management in ensuring efficiency in its dealings. A board is seen to be more independent if it has more non-executive directors[126]. Executive directors are more familiar with the activities of the organisation and therefore in a better position to monitor top management particularly if they perceived the opportunity to be promoted to positions occupied by incompetent executives. Similarly, non-executive directors may act as "professional referees" to ensure that competition among executive directors stimulates actions consistent with shareholders' value maximization[127].

Indeed, evidence from studies strongly agreed to the crucial role of non-executive directors in monitoring management performance, offering invaluable advice to shareholders and protecting the interest of shareholders[128]. Financial markets usually respond positively to the announcement of the appointment of non-executive directors by showing an appreciable level of improvement in the performance of the company's shares[129,130]. Though, other studies from other scholars thus could not establish any significant relationship between non-executive directors and firm performance, it is generally accepted that the effective performance of the board depends on having the right proportion of executive and non-executive directors on the board[131,132,133].

Fundamentally, the CBN code of corporate governance provides that non-executive directors should be persons of high caliber with broad experience, integrity and credibility. They should be key members of the board that brings independent judgment as well as necessary scrutiny to the proposals and actions of the management and executive directors especially on issues of strategy, performance evaluation and key appointments. Non-executive directors are appointed for an initial term of three years. The term may be renewed if both the director and the board agree. Appointments are subject to the provisions of the Companies Act and the articles of association, including those relating to election/re-election by the shareholders at annual general meetings and

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the removal of directors. There is an apparent presumption that boards with significant outside directors (non-executive directors) will make different and perhaps better decisions than boards dominated by inside directors (executive directors). However, the nexus between non-executive directors' composition and corporate performance has been less investigated[25].

2.1.2.4 Board Size

Board size is taken to refer to the total number of members serving on a firm's board. The size of the board is measured by the number of directors serving on such boards. There is a point of view that larger boards are appropriate for corporate execution since they have a scope of ability to enable settle on to better choices, and are more difficult for an efficient CEO to rule. Be that as it may, late intuition has inclined towards minor boards[160]. A study contends that substantial boards are less powerful and are simpler for a CEO to control. At the point when a board gets too huge, it winds up plainly hard to co-ordinate and process issues. Minor boards additionally decrease the likelihood of free riding by individual directors, and increment their basic leadership forms[161].

In Ghana, it has been distinguished that little board sizes improves the execution of microfinance institutions[162]. Another study aired the above discoveries in firms recorded in Kenya, Singapore and Malaysia. In their investigation, they found that firm valuation is most astounding when board has five directors, a number considered moderately minor in those business sectors[163]. In a report, a study found that, firm execution is decidedly related with little board measure rather than large boards[164]. A study demonstrated that an esteem significant trait of corporate boards is its size[165].

Organizational theory surmises that bigger gatherings set aside generally longer opportunity to settle on choices and, accordingly, more input time[10]. A study recommends an ideal board size in the vicinity of seven and nine executives. In this regard, exact examinations have demonstrated that the market value firms with generally little board sizes. Consequently, as board size builds board

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action is required to increment to make up for increasing process losses. The contention is that large boards are less powerful and are less demanding for a CEO to control[166].

The cost of coordination and handling issues is likewise high in large boards and this settles on basic leadership troublesome. Then again, littler boards diminish the likelihood of free-riding and consequently have the inclination of improving firm execution[167]. At the point when the idea of board is acknowledged, it can be naturally accepted that a bigger board is ideal, as this empowers the consideration of more various board individuals bringing diverse areas of expertise, expanded board measure causes expanded issues of coordination and correspondence, undermining board viability in monitoring agents[168].

Extensive board will probably confront high expenses to monitor the firm and they are more averse to have viable capacity when the extent of the board is more than seven or eight individuals[169]. The agency model recommends that as board size turns out to be substantial, the agency problem related to director freeriding increases and the board becomes more symbolic and less a part of the management process[170].

Substantial boards will probably be controlled by the CEO as opposed to the board monitoring and controlling the administration. This will give the directors the spaces to seek after their own interest as opposed to adjusting to the interests of the investors and administrators prompting increment in the agency problems and thereby lower companies' performance execution[171]. A study contends that as board size winds up noticeably bigger it will be more troublesome for board individuals to achieve consensus because of the more assorted opinions and decisions. In this manner, large boards are slower and less proficient in settling on choice[10].

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A study presumes that to-date there is as yet a level headed discussion about the ideal size of the board. At the end of the day, there is no particular formula that ought to be embraced or taken after to characterize the number of executives inside the board[172]. Another study detailed that large boards are described by less soundness and poorer correspondence which may diminish the board individuals' capacity to monitor the administration effectively. This cause greater agency problem and costs resulting in lower firm performance. In riding problems, increment in the sharing costs and internal conflicts among executives. Therefore, these hazards will impact in increasing the agency problem and thereby minimizing returns and worse firm performance[173].

Study argues the possibility that larger boards can be less effective than small boards. When boards consist of too many members agency problems may increase, as some directors may tag along as free-riders. They argued that when a board becomes too big, it often moves into a more symbolic role, rather than fulfilling its intended function as part of the management. On the other hand, very small boards lack the advantage of having the spread of expert advice and opinion around the table that is found in larger boards[170]. Furthermore, larger boards are more likely to be associated with an increase in board diversity in terms of experience, skills, gender and nationality[162]. Expropriation of wealth by the CEO or inside directors is relatively easier with smaller boards since small boards are also associated with a smaller number of outside directors. The few directors in a small board are preoccupied with the decision - making process, leaving less time for monitoring activities.

2.2 Theoretical Review

This study was anchored on three theories that supported the study variables. The specific theories covered are; Stakeholder theory, Shareholder theory and the Agency theory.

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2.2.1 The Stakeholder Theory

The stakeholder theory developed and championed by R. Edward Freeman in the 1980s. The stakeholder model takes a broader view of the firm. According to the traditional stakeholder model, the corporation is responsible to a wider constituency of stakeholders other than shareholders.

Other stakeholders may include contractual partners such as employees, suppliers, customers, creditors, and social constituents such as members of the community in which the firm is located, environmental interests, local and national governments, and society at large[134]. This view holds that corporations should be socially responsible institutions, managed in the public interest.

According to this model performance is judged by a wider constituency interested in employment, market share, and growth in trading relations with suppliers and purchasers, as well as financial performance. The problem with the traditional stakeholder model of the firm is that it is difficult, if not impossible, to ensure that corporations fulfill these wider objectives. Arguments against this point of view, the idea failed to give clear guidance to help managers and directors set priorities and decide among competing socially beneficial uses of corporate resources, and provided no obvious enforcement mechanisms to ensure that corporations live up to their social obligations. As a result of these deficiencies, few academics, policymakers, or other proponents of corporate governance reforms still espouse this model[134].

However, given the potential consequences of corporate governance for economic performance, the notion that corporations have responsibilities to parties other than shareholders merits consideration. What matters is the impact that various stakeholders can have on the behavior and performance of the firm and on economic growth. Any assessment of the implications of corporate governance on economic performance must consider the incentives and disincentives faced by all participants who potentially contribute to firm performance. With this in mind, the stakeholder model has recently

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been redefined; where the emphasis has been to more narrowly define what constitutes a stakeholder[134].

Therefore, the new stakeholder model specifically defines stakeholders to be those actors who have contributed firm specific assets[134]. This redefinition of the stakeholder model is also consistent with both the transaction costs and incomplete contract theories of the firm in which the firm can be viewed as a nexus of contracts[135]. The best firms according to the new stakeholder model are ones with committed suppliers, customers, and employees. This new stakeholder approach is, therefore, a natural extension of the shareholder model. For example, whenever firm-specific investments need to be made, the performance of the firm will depend upon contributions from various resource providers of human and physical capital. It is often the case that the competitiveness and ultimate success of the firm will be the result of teamwork that embodies contributions from a range of different resource[135].

Stakeholder theory as first described, suggests that shareholders are merely one of many stakeholders in a company. According to stakeholder theory, the stakeholder ecosystem, involves anyone invested and involved in, or affected by, the company: employees, environmentalists near the company's plants, vendors, governmental agencies, and more. The theory suggests that a company's real success lies in satisfying all its stakeholders, not just those who might profit from its stock[136]. Current Anglo-American corporate governance arrangements confer extreme authority on managers who might misuse it for self- interests at the at the cost of shareholders and the entire community. Supporters of such a perspective contend, to the point that the current institutional restrictions on administrative behavior, such as non-official executives, the review procedure, the risk of taking over, are just lacking in order to forestall corporate force manipulating directors[137]. As stated by a study, shareholders that are guaranteed by fluid resource markets are not interested in

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anything except the most significant misuse. For example, motivation tools offer alternatives are means by which supervisors can legitimize their irregular excessive[138].

The mismanagement of office power is mostly linked to the concept of overcompensation of officials since it has escalated much faster than the normal income and there has become exceptionally powerless relationship between remuneration and execution of administration[139]. The only limitation on managerial pay appears to be the modesty of the managers and the big businesses are not efficient in setting up purported autonomous remuneration committees. A study observed that this model's proponents do not think that the corporate governance reform's primary lines such as shareholder participation in significant choices, more data on corporate affairs and non-executive directors, are appropriate surveillance mechanisms. Rather, they suggest legislative changes in corporate governance, whereby hostile takeovers cannot be carried out, as share ownership no longer gives the right to appoint executive directors. The fundamental goal of company authority in this form is managerial liberty with accountability to enable executive management to create the long-term company while keeping them rigorously accountable to all company stakeholders[140].

Corporate governance's objective is to maximize the corporation's entire wealth creation. Specifically, a study described a stakeholder as any group or person that may or may be influenced by the accomplishment of the company's goals to generalize the concept of stockholder as the only group to which management needs to respond[141]. Freeman proposed that the stakeholders of a company are those groups that the organization would cease to exist without their assistance. These organizations would include clients, staff, vendors, political action groups, environmental groups, local communities, media, financial institutions, government organizations, and more. This theory was used in the research as it offers instrumental methods that are primarily aimed at enhancing

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effectiveness, improving company performance and eventually improving earnings. Stakeholder theory allows companies to make more cash with instrumental methods[141].

2.2.2 Stewardship model theory

Many finance and accounting theories have been developed and equally propounded by theorists but this study in addition to stakeholder theory would anchor on stewardship model theory which is more appropriate to the topic of the study. In the stewardship model, managers are good stewards of the corporations and diligently work to attain high level of corporate profit and share holders' returns[142]. The study notes that managers are principally motivated by achievement and responsibility needs' and given the need of managers for responsible. Self-directed wok, organizations may be better served to free managers. From subservience to non-executive directors dominated boards. According to them, 'most researchers that explored into boards have as their prior belief the notion that independent boards are good and so eventually produce the expected results.

The stewardship theory holds that, because people can be trusted to act in the public funds and other valuables in general and for the interests of their shareholders in particular, it makes sense to create management and authority structures that, because they provide unified command and facilitate autonomous decision making, enable companies to act (and react) quickly and decisively to market opportunities[143]. This approach leads, for instance, to the combination of the roles of chair and CEO, and for audit committees to be either non-existent or lightweight. Resistance to the modern corporate governance movement to a day tends to be based on this theory.

Stewardship Theory, developed by Donaldson and Davis is a new perception to understand the prevailing ownership-management relationships of the company[142]. Under the stewardship theory, business executives safeguard the owners' or shareholders ' interests and make choices on their

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behalf. Their only aim is to build and sustain a successful organization in order for shareholders to thrive. Companies that adopt stewardship position the duties of the CEO and the Chairman under one executive, with mostly in-house members comprising a board. This enables intimate understanding of the operation of the organization and a profound dedication to achievement[142].

A study observed that stewardship theory has psychological and sociological origins. Steward theory positions that through strong performance, a steward protects and maximizes the wealth of shareholders. Stewards are business directors and executives working for shareholders, protecting shareholders and making earnings[143]. When organizational achievement is achieved, the stewards are happy and driven. It emphasizes the role of staff or managers to behave more autonomously in order to maximize the yields of shareholders[144]. Their main objective is to create and maintain a successful organization so the shareholders prosper. The employees take ownership of their jobs and work at them diligently.

In this study, stewardship theory contributes by offering an alternative view to the widely-discussed agency theory. Instead of assuming conflict between managers and shareholders, it suggests that effective corporate governance structures can enhance managerial alignment with corporate objectives, leading to improved financial outcomes. By fostering a culture of trust, accountability, and long-term commitment, stewardship theory supports the idea that managers, when empowered with adequate governance mechanisms, can enhance a company's financial performance. This theory's focus on collaboration and shared goals aligns well with consumer goods companies where strategic, long-term investments are critical for success. It encourages better governance practices to drive sustainable financial growth through managerial stewardship.

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2.2.3 Agency Theory

Another theoretical framework for this study is the agency theory, the reasons is because Agency theory as a useful economic theory of accountability helps to explain the development of the audit. Agency theory posits that agents have more information than principals and that this information asymmetry adversely affects the principal's ability to monitor whether or not their interests are being properly served by the agents[145]. It is built on the premises that there is an agency relationship wherein the principal delegates work to the agent.

As a result, there evolves risk sharing and conflict of interest between the two parties. It is the belief that the agent will be driven by self-interest rather than the desire to maximize the profits for the principal. The theory describes the conflicts that arise as a result of the separation of ownership and control[145]. The economic principal-agent theory considers institutions as nexus for contracts and according to studies, the principal agent relationship is a contract relationship where the principal establishes appropriate incentives for the agent. However, since principal and agent have different incentives and because of information asymmetry and external disturbances, the principal is not able to adequately monitor the agent actions which intend effect the financial performance[146,147].

Agency theory, examines potential conflicts of interest between principals and agents. In a public corporation, this is much more probable to be an issue than a personal one. This issue occurs when stockholders employ executives to operate their business. The Theory of the Agency clarifies how best the connection between officials and directors can be used to govern a corporation in order to achieve its objectives[148]. Corporate governance is based on the concept of agencies, which is the inter-agent and partnership. Corporate governance definitions regarded the connection between the shareholder and the business as „Agency Theory" for instance the Manager-agents acting on behalf of shareholder-principles in supervising management's self-centered actions[149].

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In a corporate relationship, the stakeholders have plainly categorized obligations: Principals are select and set up governors including the executives and evaluators to guarantee viable administration framework is executed. Specialists are in charge of the everyday running of the corporations[150]. A relationship between the principal and the agent is always prone to clashes in a corporation due to financial incentives experienced by the agents which usually differ from those experienced by the directors[151]. All organizations are subject to office problems in compliance with a study and to some extent generate activity provisions for managing them. These include setting up policies such as: checks on operators performance, monitoring of specialists ' operations, budgetary impetus to urge operators to behave in the light of a legitimate concern for principals, and sharing of hazard capabilities from control capabilities[152].

However, the theory of the agency has its constraints since the dependence on the board of directors by stakeholders has been shown to be unhealthy and the amount of independence of certain boards of directors can be challenged. A study noted that there is a common perception that the board is independent[153]. This is however often fake as noted in a study that found that over 85% of Fortune 500 industrial companies had Chairmen who had also served as the corporations CEO[154]. This theory was used in this study to anchor corporate governance structure since it enhances the understanding of the relationships between agents and principals of corporations so that the interests and performance expectations of shareholders are offered every opportunity to be realized by the CEO.

Agency theory plays a crucial role in understanding corporate governance by focusing on the relationship between shareholders (principals) and company managers (agents). In the context of corporate governance, it emphasizes the potential conflicts of interest that arise when managers, entrusted with running the company, prioritize their own interests over those of shareholders

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(Jensen & Meckling, 1976). This theory contributes to corporate governance by advocating for mechanisms, such as boards of directors, executive compensation structures, and monitoring systems, that align the interests of managers with those of shareholders. These governance mechanisms help mitigate the risk of agency problems, including managerial opportunism and inefficiencies, which can harm a company's financial performance. By promoting transparency, accountability, and appropriate checks and balances, agency theory encourages the implementation of governance structures that protect shareholders' interests, ensuring better decision-making and ultimately improving the financial performance of listed consumer goods companies.

2.3 Empirical Review of related Studies

This section reviews the existing research on the connection between a consumer goods producing manufacturing firms profitability and its corporate governance using board composition, audit committee independent and board diversity in Nigeria and other nations. Although the findings of these studies, which were carried out in many nations, are varied, the majority of them have come to the conclusion that there is a positive correlation between the corporate governance and profitability of consumer goods producing manufacturing firms. Firms with good governance structure perform better than their similar competitors. These studies' authors employed a variety of approaches and a number of factors. The empirical literature shows that a lot of studies try to measure the corporate governance influence on firm performance.

2.3.1 Board composition and financial performance of quoted consumer goods companies in Nigeria.

A study in 2023 examined the impact of Corporate Governance on Financial Performance of quoted consumer goods companies in Nigeria. Secondary data sourced from the annual report of the sampled manufacturing firms for a period of ten (10) years 2012-2022 were used. The data obtained

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were analyzed with the aid of descriptive statistics, Pearson correlation coefficient and ordinary least square regression. The findings among, other things indicated that board composition has positive insignificant impact on return on asset, and that board independence has a positive and significant impact on quoted manufacturing firms in Nigeria. The study concludes that there exist a strong and significant relationship between corporate governance and financial performance of quoted manufacturing firms in Nigeria[129].

A study in 2018 also looked into the effect corporate governance on financial performance of listed companies in Nigeria. The study analyzed and determined, individually and jointly, the influence of board size, board composition and audit committee size on corporate performance. Exploratory research design was used through a purposive sampling technique. Ten (10) listed firms were chosen and data extracted from the annual reports of these firms from year 2010 to 2016. A panel data regression was used to analyze the data. Findings of the study revealed that board size had a significant negative correlation with NPM, board composition had a significant positive correlation with NPM, audit committee size had an insignificant correlation with NPM. The study concluded that board composition should consist more of the non-executive directors while the audit committee also should be reviewed from time to time[158].

A study used survey research design to investigate the effects of corporate governance practices on the financial performance of commercial banks in Nigeria in 2018. A secondary source of data was used for this research. The data were collected from financial statements of the five (5) commercial banks selected from the Nigerian Stock Exchange listing for fourteen financial years (2003–2017). The study utilized the panel Least Squares Regression Analysis as the method. The result indicated that board composition had significant effects on financial performance (ROA) of commercial banks in Nigeria, board gender diversity had significant effects on financial performance (ROA) of

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commercial banks in Nigeria, the audit committee has no significant effects on financial performance (ROA) of commercial banks in Nigeria, and board independence had significant effects on financial performance (ROA) of commercial banks in Nigeria. The study, therefore, concludes that the weak corporate governance structure in Nigeria contributed immensely to the recent crisis experienced in the Nigerian banking sector[99].

A study in 2017 examined the effect of corporate governance on financial performance of listed companies in the consumer services sector in Botswana for the period 2012-2016. Return on Assets was taken as the dependent variable to measure profitability and Board size, gender diversity, male-female representation in the board, composition of executive and nonexecutive directorship, number of subcommittees and frequency of board meetings as independent variables. The findings indicated significant positive relationships between board size and the number of male board members and between board size and the number of nonexecutive directors. Negative significant relationships were identified between male board representation and female board representation and between the number of executives and gender diversity. Return on assets, which measured the performance of the selected companies showed a strong negative relationship with number of sub-committees[155]

In 2019, a study examined corporate governance practices and firms' financial performance in the selected manufacturing companies in Lagos State, Nigeria. The study employed a comparative analysis to gauge the changes to corporate governance practice between the years 2003 to 2010 by manufacturing companies. The Panel data of the ten companies for the 8 years was used, employing ordinary least square (OLS) method of analysis. Consequently, the results of the descriptive statistics show that majority of the companies implemented the code of conduct that emphasizes appropriate composition of the board of directors and forecast of operations. Further analysis shows that there was positive relationship between the return of equity and legal compliance. Also, there

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were weak relationships between return on equity (ROE) and board compliance. These imply that while the companies obey the regulations in term of board composition, legal compliance and production projections, which are the major concerns of this study. Meanwhile, some other variables impacted more on ROE[156].

A study in 2018 investigated the influence of corporate governance (CG) on the performance of companies. The study employed exploratory research design. Ten (10) listed firms were chosen through a purposive sampling technique and data extracted from the annual reports of these firms from year 2010 to 2016. A panel data regression was used to analyze the data. CG was proxied with board size (BS), board composition (BC) and audit committee size (ACS) while performance was proxied with net profit margin (NPM). Findings revealed that board size had a significant negative correlation with NPM, board composition had a significant positive correlation with NPM, audit committee size had an insignificant correlation with NPM and board size, board composition and audit committee size had a significant joint effect on NPM[157].

A study in 2018 looked at the impact of corporate governance arrangements on disclosure standards in companies listed on the Palestine Exchange. The corporate governance variables investigated in the report were board size, board ownership, board compensation, position duality, number of board meetings, audit committee size, and auditor form. The research looked at the substance of annual reports for companies listed on the Palestine Exchange for ten years, from 2005 to 2016. Panel data has been used by the researchers over the past twelve years since it provides more detailed information, greater variability, less collinearity, more degrees of freedom, and higher quality. The study found that while board size, board ownership, and auditor form all have a favorable influence on disclosure quality, position duality, board salary, and audit committee size all had a negative

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impact. The study was significant for Palestinians since it improved the uniformity of the corporations' disclosure[19].

A study determined the impact of board composition (proportion of the non-executive directors) and board size on the financial performance of the companies. The study employed panel data of 145 companies for a period of five years and has employed panel regression model to study the relationship between different variables. This study does not find any significant relationship between board size and financial performance of the company. Also, the study concludes a positive relation between non-executive directors and financial performance of the company as these directors bring their expertise, network and resources to the organization which is crucial for the growth and performance of the enterprise[83].

In 2021 a study examined corporate governance and performance of Deposit Money Banks in Nigeria. Data used for the study were secondary data collected from the audited financial statements of 10 Deposit Money Banks listed on the Nigerian Stock Exchange (NSE) for ten years, spanning from 2008 and 2017. Pooled Ordinary Least Square (OLS), fixed effect and random effect estimation, alongside post estimation tests such as restricted F-test, Hausman test was used to test the hypotheses. Result revealed that board size exerts a negative and significant effect on the performance of Deposit Money Banks in Nigeria, board composition exerts a negative and significant effect on return on assets of Deposit Money Banks in Nigeria, board audit committee has a positive but insignificant effect on return on assets and gender diversity exerts a positive but insignificant effect on the performance of Deposit Money Banks in Nigeria. It was therefore established that corporate governance exerts a significant effect on the performance of Deposit Money Banks in Nigeria[66].

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Another study examined the effect of corporate governance (board size, non-executive directors, block ownership and CEO Tenure being corporate governance mechanisms) on performance (Tobin Q) of listed insurance companies in Nigeria from 2012-2021. Secondary data was collected and analyzed for this study, sourced from Nigerian Stock Exchange (NSE) Fact book and the listed firm's published financial statements for the period of 2012-2021. Panel regression technique was used to analyze the data. The study found out that board size, block owner-ship has a positive but insignificant effect on the performance of listed insurance firms, while CEO Tenure and non-executive directors had positive and significant effects on the performance of the listed insurance firms[64].

A study investigated the nature of corporate governance structure and its contribution to the determination of performance of large cap and mid-cap companies listed in India. A total 100 companies, i.e., top 50 large cap companies and top 50 mid-cap companies, were considered. The data was analyzed separately for both large cap and mid-cap companies by using multiple regression models to identify the variables that affect company performance. The study found that there is significant effect of selected measures of corporate board structure on the performance of both large cap and mid-cap companies listed in India, except for board meeting in the case of large cap samples and gender diversity in the case of mid-cap samples[74].

A study established the effect of board composition on financial performance of companies listed in Nairobi Securities Exchange. A descriptive research design was in the study. The population of interest in the study constituted all listed companies quoted at the NSE for the period of five years from 2008 to 2012. Secondary financial data sources was used for the study, where annual financial reports of individual listed firms was used over the five year period where profitability was extracted and used as a measure of financial performance. The findings showed that Board

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Composition variables i.e. age, gender, independence and ethnicity considered in the model are significantly associated with financial performance as indicated by their positive mean values and respective standard deviations[85].

A study explored the impact of the mechanisms of corporate governance on the informational content of Operational Risk (OR) voluntary disclosure. The content analysis method was used to collect data on the OR disclosure from annual reports of 34 Islamic banks scattered in various countries and over a period ranging from 2008 to 2014. Using correlation and multiple regression analyses, our results show that the information disclosed on OR, especially that of quality, is considered as value-relevant for investors as they have additional information content in risk assessment of banks. Empirical results reveal the significant impact of independent directors on the OR voluntary disclosure reported information. Conversely, the concentration of the chairman and chief executive officer responsibilities on the same person reduces it. The crucial presence of monitoring bodies, particularly, the Shariah Supervisory Board and the external auditor type affect significantly the OR information that listed Islamic banks disclosure voluntarily in their annual reports[96].

In 2021 study investigated the influence of corporate governance (CG) on the performance of companies. The study employed exploratory research design. Eight (8) listed firms on Nigerian Stock Exchange were chosen through a purposive sampling technique and data extracted from the annual reports of these firms from 2006 to 2017. A panel data regression was used to analyse the data. Results showed that the corporate governance variables have effect on financial performance: specifically, there is a positive significant effect of board size on return on asset (ROA) of manufacturing firms in Nigeria. On the other hand, board composition has a negative and non-significant effect on return on asset (ROA), Again, Audit committee independence has positive and

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significant effect on return on asset of the manufacturing firms in Nigeria. Lastly, BOIND revealed the existence of strong negative correlation with ROA and the financial performance of firms in Nigeria[123].

2.3.2 Audit committee independence and financial performance of quoted consumer goods companies.

A study examined the effect of Audit Committee characteristics such as Independence, Expertise, Size and Diligence on Earnings Management in Pakistan. The study has taken a sample of 172 non-financial companies from Pakistan Stock Exchange to checks the amendment‟ s impact on the Audit Committee composition. The study covered 860 firm years‟ observations from 2013 to 2017. Pearson Correlation, Descriptive statistics and Random Effect Regression were employed to estimate the results. The study findings reveal that among Audit Committee attributes, expertise in Audit Committee has negative coefficients with the proxies of Earning Management. On the other hand, Board Independence, Size and Activity are not significantly related to the proxy of Earnings Management[98].

A study examines the role of audit committee characteristics (independence and frequency of meetings) in addition with other components of corporate governance (duality, promoter shareholding, board composition, and board size) in improving firm performance. Fixed effect panel data regression was applied on 235 non-financial public limited companies listed in NSE 500. The time period considered was ten years (2004 to 2013). Return on Assets, Return on Equity, Tobin ‘sq and Market Capitalization were used as proxy of firm performance. Results reveal significant positive association of board size and CEO-Chairman dual role with firm performance. However, findings did not reveal any additional effect of audit committee independence and its meeting frequency on the financial performance of Indian firms[69].

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In 2021 study investigated the influence of corporate governance (CG) on the performance of companies. The study employed exploratory research design. Eight (8) listed firms on Nigerian Stock Exchange were chosen through a purposive sampling technique and data extracted from the annual reports of these firms from 2006 to 2017. A panel data regression was used to analyse the data. Results showed that the corporate governance variables have effect on financial performance: specifically, there is a positive significant effect of board size on return on asset (ROA) of manufacturing firms in Nigeria. On the other hand, board composition has a negative and non-significant effect on return on asset (ROA), Again, Audit committee independence has positive and significant effect on return on asset of the manufacturing firms in Nigeria. Lastly, BOIND revealed the existence of strong negative correlation with ROA and the financial performance of firms in Nigeria[123].

A study used the survey research design to investigate the effects of corporate governance on the financial performance of commercial banks in Nigeria. A secondary source of data was used for the research. The data were collected from financial statements of the five (5) commercial banks selected from the Nigerian Stock Exchange listing for fourteen financial years (2003–2017). The study utilized the panel Least Squares Regression Analysis as the method. The result indicated that board size had significant effects on financial performance (ROA) of commercial banks in Nigeria, board composition had significant effects on financial performance (ROA) of commercial banks in Nigeria, board gender diversity had significant effects on financial performance (ROA) of commercial banks in Nigeria, the audit committee has no significant effects on financial performance (ROA) of commercial banks in Nigeria, and board independence had significant effects on financial performance (ROA) of commercial banks in Nigeria[99].

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A study examined the impact of corporate governance mechanisms on financial performance of Indian hotel companies. The analysis was based on balanced panel data over a period ranging from 2013/2014 to 2015/2016 for 30 Indian hotel companies listed on the Bombay Stock Exchange (BSE). The study investigated three aspects of corporate governance mechanisms namely: the board of directors (size, composition, and diligence), audit committee (size, composition, and diligence) and institutional ownership, whereas financial performance was measured according to three common measures, return on assets (ROA), net interest margin (NIM), and earnings per share (EPS). The results confirm that board size, board diligence, audit committee size, and institutional ownership have a significant impact on ROA, while board composition, audit committee composition, audit committee diligence and company age have an insignificant effect on ROA. With respect to NIM model, the results indicate that board composition, board diligence, audit committee composition, institutional ownership and size of the company have a significant impact on NIM, while board size, audit committee size, and audit committee diligence have an in significant effect on NIM. In terms of the EPS model, the results suggest that board size, board composition, board diligence, audit committee composition, and company age thus have a significant impact on EPS, while audit committee size, audit committee diligence, and institutional ownership have somewhat of an insignificant influence with EPS[80].

A study investigated the influence of corporate governance (CG) on the performance of companies. The objectives of this study were to respectively analyze and determine, individually and jointly, the influence of board size, board composition and audit committee size on corporate performance (CP). The study employed exploratory research design. Ten (10) listed firms were chosen through a purposive sampling technique and data extracted from the annual reports of these firms from year 2010 to 2016. A panel data regression was used to analyze the data. CG was proxied with board

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size (BS), board composition (BC) and audit committee size (ACS) while performance was proxied with net profit margin (NPM). Findings revealed that board size had a significant negative correlation with NPM, board composition had a significant positive correlation with NPM, audit committee size had an insignificant correlation with NPM and board size, board composition and audit committee size had a significant joint effect on NPM[157].

A study examined the effect of corporate governance on the financial performance of manufacturing companies and banks in Nigeria from 2005 to 2014. The study used proxies such as; the size of the board, audit committee and board independence as proxy for corporate governance. The data for the study were analyzed using the pooled least square method of regression and paired t-test. The study found that there was a positive and significant relationship between Board Size, Board Independence and ROA of the studied companies in the manufacturing and banking sectors. Furthermore, the result of the paired t-test shows that there is no significant difference in the corporate governance structures of Nigerian banks and manufacturing companies[158].

A study conducted research in the Nigerian chemical and paint industry to analyze the impact of corporate governance on financial reporting standards. The total number of firms registered on the Nigeria Stock Exchange as of December 2013 is used as a population, with a sample of four (4) companies chosen across a five-year period (i.e. 2009-2013). The data was gathered from secondary sources, such as the companies' annual reports and accounts, as well as the correlation and regression data studied. In the Nigerian chemical and paint business, the study found that the size and independence of the board had no effect on the quality of financial reporting, and that the engagement of non-executive directors in the company audit committee had no effect on the quality of financial reporting[159].

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A study conducted a study in Bangladesh to examine the influence of board independence on the economic performance among listed firms. The study collected data from 135 listed firms on Dhaka Stock Exchange. The study used accounting and market performance measures. The study findings revealed that board independence had no positive effect on firm economic performance. Further, the findings showed that, board size had a positive significant effect on firm performance[154].

A study analyzed the association between performance and audit committee size, independence, audit committee members' expertise and experience and gender diversity of the audit committee. Audit committee size and the expertise and experience of audit committee members were found to be positively correlated with return on equity. However, the independence of the audit committee members and gender diversity of the committee had a negative correlation with return on equity. Similarly, audit committee size and the expertise and experience of audit committee members correlated positively with return on asset. However, audit committee independence and gender diversity had a negative correlation with return on asset. This means in response to the hypothesis; ROE is positively related to audit size and the audit members' expertise and experience but negatively related to audit committee independence and gender diversity of the audit committee. Similarly, ROA is positively related to audit size and the audit members' expertise and experience but negatively related to audit committee independence and gender diversity of the audit committee[102].

A study investigated the effects of corporate governance on the financial performance of commercial banks in Nigeria. The study used the survey research design. A secondary source of data was used for this research. The data were collected from financial statements of the five (5) commercial banks selected from the Nigerian Stock Exchange listing for fourteen financial years (2003–2017). The study utilized the panel Least Squares Regression Analysis as the method. The

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result indicated that board size had significant effects on financial performance (ROA) of commercial banks in Nigeria, board composition had significant effects on financial performance (ROA) of commercial banks in Nigeria, board gender diversity had significant effects on financial performance (ROA) of commercial banks in Nigeria, the audit committee has no significant effects on financial performance (ROA) of commercial banks in Nigeria, and board independence had significant effects on financial performance (ROA) of commercial banks in Nigeria[99].

Effect of corporate governance mechanism on the financial performance of banks in Nigeria was studied. The study used secondary data derived from the audited financial statements of the sampled banks in Nigeria from 2006 to 2014. Ordinary Least Square (OLS) regression was used to find out the effect of corporate governance variables on banks' performance. The study observed that board audit committee and directors' equity interest have a positive and significant effect on financial performance of banks; while board composition has a negative but significant effect on banks' financial performance. The study concluded that the existence of board audit committee enhances banks' financial performance[6]

A study investigated the link between board and risk management committee, and their impact on companies' profitability represented by management accounting measurements ROE and ROA, and company's profitability represented by market share. The study utilized multiple regression to analyses available data for Jordanian industrial firms for the ended year 2017. The study found an insignificant link between independent managers and company's profitability represented by ROE and market share. Furthermore, risk management committee has a significant relationship with ROE and market share[71].

A paper in 2018 analyzed the structure of boards of directors and its impact on business performance, which is approximated by economic profitability and the Tobin's Q ratio. The study

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focused on three basic aspects of boards that have been reviewed in the reform of the Good Governance Code: the size of boards, their independence and their diversity. For the study of diversity, we use an index that integrates not only the gender of board members, but also their age and nationality, since these are factors that can influence the knowledge, experience and skills of the directors. The results confirm a high degree of compliance with the recommendations of the Good Governance Code, and suggest that the performance of the advisory and monitoring functions are factors that determine the composition of boards. With respect to the performance of the company, we note that there is a negative and significant relationship with the independence of boards. However, the results are sensitive to the performance measure employed[84].

In 2013 empirical research seeking to investigate various aspects of audit committees' governance role. The review is structured around current regulatory expectations of audit committees seeking to document the extent to which specific characteristics of good practice influence various components of audit committee effectiveness. It is found that larger and more independent audit committees as well as those with financial expertise are more likely to seek a higher level of external audit coverage and assurance. There is also evidence that more independent audit committees are associated with the purchase of lower levels of non-audit services from auditors, thereby seeking to preserve the independence of the external audit process. There seems a consensus that more independent audit committees and those with greater accounting/financial expertise have a positive impact on the quality of financial statements. Evidence on the stock market reaction to audit committee issues suggests that investors both welcome the presence of audit committees and react positively when members are appointed with relevant expertise. It is also found that internal auditors view certain audit committee characteristics, specifically

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independence, expertise and frequency of meetings, as leading to more effective audit committee performance[89].

A paper uses an explorative qualitative case-study research design, to understand the impact of the characteristics of audit committee member on audit committee effectiveness in a purposively selected small to medium-sized company. The paper provides important insights into the impact of audit committee member qualifications, experience and independence, on how the audit committee discharges its responsibilities. Although the leadership of the audit committee chairperson appears to have enhanced governance practices, the atypical role of mentoring the newly appointed chief financial officer, questions whether the audit committee chairperson, and accordingly the audit committee, is truly independent, or whether it has succumbed to the familiarity threat. Despite its South African orientation, the worldwide importance of small to medium-sized enterprises gives the study globally relevance[91].

A study explored the impact of the mechanisms of corporate governance on the informational content of Operational Risk (OR) voluntary disclosure. The content analysis method was used to collect data on the OR disclosure from annual reports of 34 Islamic banks scattered in various countries and over a period ranging from 2008 to 2014. Using correlation and multiple regression analyses, our results show that the information disclosed on OR, especially that of quality, is considered as value-relevant for investors as they have additional information content in risk assessment of banks. Empirical results reveal the significant impact of independent directors on the OR voluntary disclosure reported information. Conversely, the concentration of the chairman and chief executive officer responsibilities on the same person reduces it. The crucial presence of monitoring bodies, particularly, the Shariah Supervisory Board and the external auditor type affect

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significantly the OR information that listed Islamic banks disclosure voluntarily in their annual reports[96].

Another study examine the impact of audit committee characteristics and gender diversity on the earnings management of listed companies in Sri Lanka from 2017 to 2021. The study included 107 companies in the food, beverage and tobacco, consumer services, and capital goods sectors listed on the Colombo Stock Exchange. Based on panel data regression analysis, the research reveals that the audit committee size has a negative impact on earnings management as a larger number of auditors with wide knowledge and experience can more effectively monitor the financial reporting process. Furthermore, Gender diversity has a negative association with earnings management since women on the board are more vigilant to evade the potential negative consequences of earnings misrepresentation. The results of the study show that certain audit committee characteristics are essential for raising the standard of financial reporting quality in Sri Lanka. These findings suggest that having a large number of directors on the audit committee and increasing gender diversity should be considered important in mitigating potential earnings management and enhancing reporting quality of financial reports[116].

A study examined the effect of corporate governance on firm's financial performance amongst private business enterprises in Uganda. The study used descriptive and survey design. A mixed method approach which involved both qualitative and quantitative techniques was also used. The study found out that corporate governance significantly influences the financial performance of hotels and manufacturing firms in Lira City and majority of the firms investigated performed on average financially. It was also established that firms whose boards demonstrate high integrity were likely to register positive changes in their financial performance than firms whose boards do not. The study also noted that board independence would propel the firm to grow to greater heights[121].

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In 2021 a study investigated the influence of corporate governance (CG) on the performance of companies. The study employed exploratory research design. Eight (8) listed firms on Nigerian Stock Exchange were chosen through a purposive sampling technique and data extracted from the annual reports of these firms from 2006 to 2017. A panel data regression was used to analyse the data. Data were also sought from published annual reports and accounts of the sampled. Data generated were analyzed using multiple regressions. Results showed that the corporate governance variables have effect on financial performance: specifically, there is a positive significant effect of board size on return on asset (ROA) of manufacturing firms in Nigeria. On the other hand, board composition has a negative and non-significant effect on return on asset (ROA), Again, Audit committee independence has positive and significant effect on return on asset of the quoted consumer goods companies in Nigeria[123].

2.3.3 Board diversity and financial performance of quoted consumer goods company in Nigeria.

A study in Botswana in 2018 examined the effect of corporate governance of listed companies in the consumer services sector in Botswana for the period 2012-2016. Return on Assets was taken as the dependent variable to measure financial performance and Board size, gender diversity, male-female representation in the board, composition of executive and nonexecutive directorship, number of subcommittees and frequency of board meetings as independent variables. The findings indicated significant positive relationships between board size and the number of male board members and between board size and the number of nonexecutive directors. Negative significant relationships were identified between male board representation and female board representation and between the number of executives and gender diversity. Return on assets, which measured the performance of the selected companies showed a strong negative relationship with number of sub-committees[155].

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A static panel estimation technique was used in 2019 to focus on corporate governance and performance of selected Nigerian multinational firms from 2012 to 2016. Specifically, the study focused on the effect of board size, activism and committee activism on return on asset and firm growth rate. Secondary data collected from four multinational firms were analyzed via static panel estimation techniques. While board size and board activism exerted significant negative impact on return on asset, committee activism exerted insignificant impact. The results of the study further showed that board size and board activism exert insignificant negative impact on firm's growth rate, while committee activism insignificantly spurs firm's growth rate. Decisively, discoveries from this study reflect that corporate governance has significant negative impact on return on asset, but has insignificant influence on the growth rate of Nigerian multinational firms[62].

A study provides pioneering empirical evidence on board gender diversity and firm performance relationship for the case of large-scale agri-food companies in Russia. The findings suggest a strong positive link between the percentage of female directors in boardrooms and firm performance. Moreover, in line with critical mass theory, boards with three or more female directors have greater impact on firm performance compared to boards with two or less female directors. Further analysis shows that the presence of female directors in the company has a positive impact on firm performance, mainly due to their executive, rather than monitoring effects[101].

Another study empirically evaluated corporate board diversity and audit quality in Nigeria. The study covered a period of six (6) years (2012–2017). Fifty (50) quoted companies on the Nigerian Stock Exchange were conveniently selected as the sample size of the study. Ordinary Least Square (OLS) regression technique was employed in testing the hypotheses. Based on the analysis, the study discovered that there is a significant relationship between board gender diversity (female representation on board) and audit quality; that there is a significant relationship between ethnic

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diversity of the board and audit quality; that there is a significant relationship between foreign directorship of the board and audit quality; and that there is no significant relationship between male audit committee membership and audit quality[105].

A study investigates demographic diversity, cognitive diversity and internal diversity within Islam among top-level management of firms and their impacts on the financial performance of Malaysian-listed companies. In addition, Muslim and non-Muslim women and Islamic religious diversity on corporate boards are investigated. Data from 330 Malaysian-listed companies in eleven full-fledged sectors were used for the period from 2009 to 2013. This study used the interaction approach to examine empirically diverse corporate boards and their impacts on firm performance. This discussion included: a combination of gender diversity and ethnic diversity and a combination of gender diversity and foreign participation. The findings suggest that demographic, cognitive and internal diversity within Islam are significant predictors of a firm's financial performance. Ethnic women on boards have a significant and negative impact on firm performance. Hence, companies having high profits are more accountable for encouraging diversity among top-level management[107].

A study investigated the relationship between board composition and corporate social responsibility (CSR) performance. Specifically, the study examined the impact of board composition (aspects like political experience, academic experience, overseas background, and gender diversity) on CSR performance. the study tests our hypotheses using data collected from 839 Chinese public firms during the period from 2008 to 2016. Applying generalized least squares regression, the study showed that the political experience, academic experience, and overseas background of the board members are positively related to the firm's CSR performance. Moreover, we discuss the distinctive relationship between gender diversity and CSR performance in the context of Chinese culture. The

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study extended the CSR literature by examining unique aspects of board composition in the Chinese context and offer fruitful implications for both scholars and practitioners[109].

A study sought to examine the influence of TMT diversity on performance of Public Benefit Organizations (PBOs) in Kenya and the intervening effect of strategic change. The study relied on the resource-based view and upper echelons theories to offer the foundations of the assessment. A cross-sectional research design within a positivistic framework was adopted for the study. A sample of 138 respondents was acquired from National and International PBOs. Quantitative and qualitative data collected was analyzed using descriptive and inferential statistics. It was found that TMT Diversity statistically significantly explains 10.4% of the variability in PBO Performance. Further findings were that TMT diversity only explains 2.8% of the variability in Strategic Change (an effect confirmed to lack statistical significance); but when strategic change and TMT diversity were considered in a joint effect, the model was found to explain 11.5% of the variability in PBO Performance. The study therefore concludes that TMT diversity has an influence on PBO performance, though strategic change has no mediating effect in this relationship[112].

A study investigated the relationship between gender diversity within the board of directors and firm's financial performance. The selected sample was chosen from Bombay Stock Exchange 500 companies from India. It also examines the impact of different categories of female directors on board on firm performance. The study used dynamic panel data estimation technique for analysis purposes to overcome the possibility of endogeneity and simultaneity bias. The study also examines whether female directors are likely to impose higher dividend payouts. Collectively, the results suggest that inclusion of women directors on board has a significant relationship with firm performance. The study found no evidence that women directors impose higher dividend payouts. Finally, the paper discusses implications for future research and suggests that Board diversity must

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be looked at using different board parameters such as experience, ethnicity, nationality, age, qualifications etc. The benefits of diversity can be best derived when women directors on board are hired with diverse skills, competencies, life experience[113].

Drawn from theories in group diversity and group performance, a study examined the association between board diversity, measured in both relation-oriented dimension (i.e., gender, race, and age) and task-oriented dimension (i.e., tenure and expertise), and board performance in corporate investment oversight. Using a sample of 15,125 firm-years across 1898 firms from 1998 to 2014, the study found that task-oriented diversity attributes, such as tenure and expertise, are negatively associated with suboptimal investment, suggesting that diverse boards in terms of firm specific experience and functional expertise are more effective in overseeing corporate investment activities than homogeneous boards. Our results shed light on the recent regulatory requirements on board diversity and recommend greater task-oriented diversity in corporate boardrooms[114].

The present study examines the impact of audit committee characteristics and gender diversity on the earnings management of listed companies in Sri Lanka from 2017 to 2021. The study included 107 companies in the food, beverage and tobacco, consumer services, and capital goods sectors listed on the Colombo Stock Exchange. Based on panel data regression analysis, the research revealed that the audit committee size has a negative impact on earnings management as a larger number of auditors with wide knowledge and experience can more effectively monitor the financial reporting process. Furthermore, Gender diversity has a negative association with earnings management since women on the board are more vigilant to evade the potential negative consequences of earnings misrepresentation. The results of the study show that certain audit committee characteristics are essential for raising the standard of financial reporting quality in Sri Lanka. These findings suggest that having a large number of directors on the audit committee and

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increasing gender diversity should be considered important in mitigating potential earnings management and enhancing reporting quality of financial reports[116].

In 2021, a study examined the nexus between board gender diversity and managerial efficiency of quoted deposit banks. Managerial efficiency was used as dependent variable while board gender diversity was used as independent variable. A census of the 13 banks quoted on the Nigerian Stock Exchange was used for six years spanning 2014 to 2019. The study employed a cross-sectional research design. The secondary sources of data were collected from annual reports of the firms. A panel regression analysis was used in analyzing the data. The results revealed that board gender diversity have a positive and insignificant effect on managerial efficiency. This study recommends that banks should increase the number of female directors in the board[117].

In 2017, another study investigated demographic board diversity characteristics, in terms of gender, nationality and age, in relation to financial firm performance in Germany. Generally, the results showed no significant relationship between board diversity and firm performance. However, only in the case of nationality diversity, a constant significantly linear and negative relationship with ROA and ROE has been found, opposite as hypothesized. With regard to the results of the study and prior study results, diversity management of directors is of importance and should be treated as any other business investment, as it can affect firm performance, positively and negatively[118].

In 2018, a study ascertained the effect of board heterogeneity on performance of firms in Nigeria. Specifically, the study examined the effect of board size, women on board and board independence on return on assets of listed manufacturing firms on Nigerian Stock Exchange. The study adopted Ex-post facto research design. Population of the study is made up of seventy-six manufacturing firms listed on the Nigerian Stock Exchange as at the year, 2016 while thirty-two firms was used as sample of the study. The secondary data used in the study were sourced from the publications of

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Nigeria Stock Exchange and annual reports of the sampled firms. Multiple regression analysis with the aid of E-View 9.0 statistical software was used for data analysis. Findings of the study revealed that board size, women on board and board independence have significant and positive effect on return on assets of manufacturing firms listed on Nigerian Stock Exchange[126].

In 2023, a study investigated the extent to which corporate governance (Corporate governance was captured by board diversity) influences the banking sector performance in Nigeria (Performance was captured by market share and employees' satisfaction). The survey design was used in the study, which involved administering structured questionnaires to management staff at three Nigerian banks. Two hypotheses were developed and evaluated based on the study's objectives. The research was done by using information gathered from chosen employees of three Nigerian banks. The findings revealed that board diversity significantly influence market share of the Nigerian banking sector. Board diversity significantly influences employees' satisfaction of the Nigerian banking sector. One can conclude that board diversity is an important determinant of the banking sector market share and employees' satisfaction[119].

Also, a study in 2022 investigated the relationship between board diversity and financial performance from a wide perspective, including multiple dimensions of board diversity. The cross-sectional design of the FTSE 350 companies in the period of 2013–2019 was adopted in this study. Data were collected using the Thomson Reuters Eikon and Board Ex databases and analyzed via ordinary least Squares (OLS) regression. Both gender and skill diversity positively affects financial performance. However, other dimensions of diversity, including board tenure, education and network, have no significant influence on financial performance. On the other hand, nationality diversity negatively affects financial performance, and the gender diversity of executive directors

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negatively affects market-based performance. The results remain unchanged after considering endogeneity concerns and using alternative measures of financial performance[122].

In 2018 a study examined the effects of diversity in the board of directors on corporate policies and risk. Using a multidimensional measure, the study found that greater board diversity leads to lower volatility and better performance. The lower risk levels are largely due to diverse boards adopting more persistent and less risky financial policies. However, consistent with diversity fostering more efficient (real) risk-taking, firms with greater board diversity also invest persistently more in research and development (R&D) and have more efficient innovation processes. Instrumental variable tests that exploit exogenous variation in firm access to the supply of diverse nonlocal directors indicate that these relations are causal[127].

In 2020 a study ascertained the effect of board diversity on the dividend per share of listed nonfinancial firms in Nigeria in both the short and long-terms. Analysis of data on dividend per share, the proportion of female, male and minority members of the of boards of directors of nine sampled listed non-financial firms for the period 2010 to 2018 using the multivariate log-linear regression model showed that increasing the proportion males on the board of listed non-financial firms positively influences the dividend per share of these firms; and increasing the proportion of females and minority shareholders on the boards of these firms negatively influences dividend per share both in the short and long-runs. Further results show that female and minority membership of boards of listed non-financial firms ranges between 0% to 37%, and 11% to 88 % respectively. This result necessitated shareholders interested in higher dividend per share to appoint more males, and less females and minorities to the board[133].

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2.3.4 Board size and financial performance of quoted consumer good companies in Nigeria.

In 2023 a study assessed the effects of board characteristics on financial performance of 14 listed banks in Nigeria for five (5) years (2018-2022). Board size, board independence, board gender, and board meetings serve as proxies for board characteristics. Financial performance is proxy by return on assets. Secondary data were extracted from the annual reports and accounts of the listed banks. Correlational research design was employed as the research design. The regression method employed was panel data regression. The findings reveal that board meetings, board gender diversity and board independence show insignificant effects on financial performance. Furthermore, the study shows a positive significant effect of board size on financial performance[174].

A study in 2022 explored the influence of corporate board attributes on the financial performance of conglomerates in Nigeria for the period of 2011-2020. The study used the following variables: Return on Assets as Dependent Variable and Board Size, Board Independence, Board Committees, Board Meetings, Board Shareholdings served as Independent Variables. Secondary data were used, Regression method (random effect model) as a technique for data analysis. Findings demonstrated that the size, independence, and stock holdings of the board and audit committee had a considerable effect on the financial performance of conglomerates in Nigeria. However, board meetings did not show any significant influence on the financial performance of Conglomerates in Nigeria[175]. There is need to examine other sectors. Augustine, O. O., & Juliet, C. U. (2022). Board Characteristics and Financial Performance of Conglomerates in Nigeria. European Journal of Business and Management Research, 7(2), 12-18. doi:

A study in 2022 examined the relationship among board meetings, size and company financial performance of 13 listed industrial goods companies in Nigeria for the period of 2012-2021. The dependence variable was financial performance which was measured using return on assets (ROA), the independence variable were Board meeting, Board size, while Control Variable were: Firm size

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and Firm age. The data were collected from Nigerian Stock Exchange website. The Techniques used were Descriptive Statistic, Random-effects GLS Regression and correlation. The Tool used was STATA. Findings of the study showed that meetings of the board showed insignificant and negative financial performance. However, board size revealed a significant positive effect on financial performance[176].

In 2022 a study investigated the moderating role of financial performance on the link between board attributes and corporate sustainability disclosure compliance (CSDC). The study used: Corporate Sustainability Disclosure Compliance (LCSDC) in Nigeria from 2011-2017. The study used board size, board independence, gender diversity and audit committee as Independent Variable. Moderating Variables: ROA and ROE while, Control Variables: Firm size and Firm age. The study employed secondary data (collected from 118 Nigerian-listed companies). Techniques: The dynamic GMM regression analysis, Descriptive statistics and correlation. The study revealed that moderating effect of return on assets and return on equity on the influence of firm and board attributes on CSDC, evident from significant positive interaction with board size, board independence, gender diversity and audit committee[177].

In 2021 a study selected 372 companies in the US S&P 500 from 2013 to 2017 as a sample, and uses empirical research methods to test the relationship between corporate board size and corporate performance. The results show that there is a negative correlation between the size of the board of directors and corporate performance; after dividing the sample into high-tech and non-high-tech industries, the results show that this negative correlation is more prominent in the high-tech field. After classifying the sample according to the parity of the number of directors, the results show that the odd number of directors is more effective than the even number of directors[178].

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Another study in 2020 examined the effect of board size and its independence on the performance of listed entities in Nigeria. The study which covered a ten-year period (2009–2018) made use of secondary data sourced from published annual reports and accounts of 35 purposively selected listed companies on the Nigerian Stock Exchange (NSE). The Pooled Ordinary Least Square (OLS) and generalized least square method of regression techniques were employed in analyzing the data obtained. Findings from the study revealed that a significant negative relationship exists between earnings per share and board size and between earnings per share and board diligence respectively, but no significant relationship exists between earnings per share and board independence and between earnings per share and board gender diversity. The study concluded that board size and board diligence have impact on the performance of quoted companies in Nigeria, while board independence and gender diversity do not have effect on the performance of quoted firms in Nigeria[179].

A study in 2017 examined the relationship between board size and performance of 35 non-financial firms listed on Nigerian Stock Exchange. The study covers the period 2003-2014. Using panel data regression analysis and Fixed effects model as estimation technique, result reveals a positive and significant relationship between board size (surrogated by the natural log of number of directors on the board) and the two financial performance proxies (Return on assets and Return on equity). The outcome of the study is consistent with some prior empirical studies and provides evidence in support of the argument that companies with larger board members do harness the divergent views of members, thereby coming up with informed decisions that will improve the financial performance of companies under their watch. It is also difficult for chief executive of companies to influence members of the board[180].

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In 2016 a study investigated the impact of board size and board composition on performance of 30 commercial banks from 2008 to 2012 in Turkey. After controlling for bank size, credit risk, liquidity risk, net interest margin and non-interest income, the results of panel fixed effects regression suggest that board size has a significant positive effect on bank's performance (Operating Return on Asset, OROA and Return on Asset, ROA)[181].

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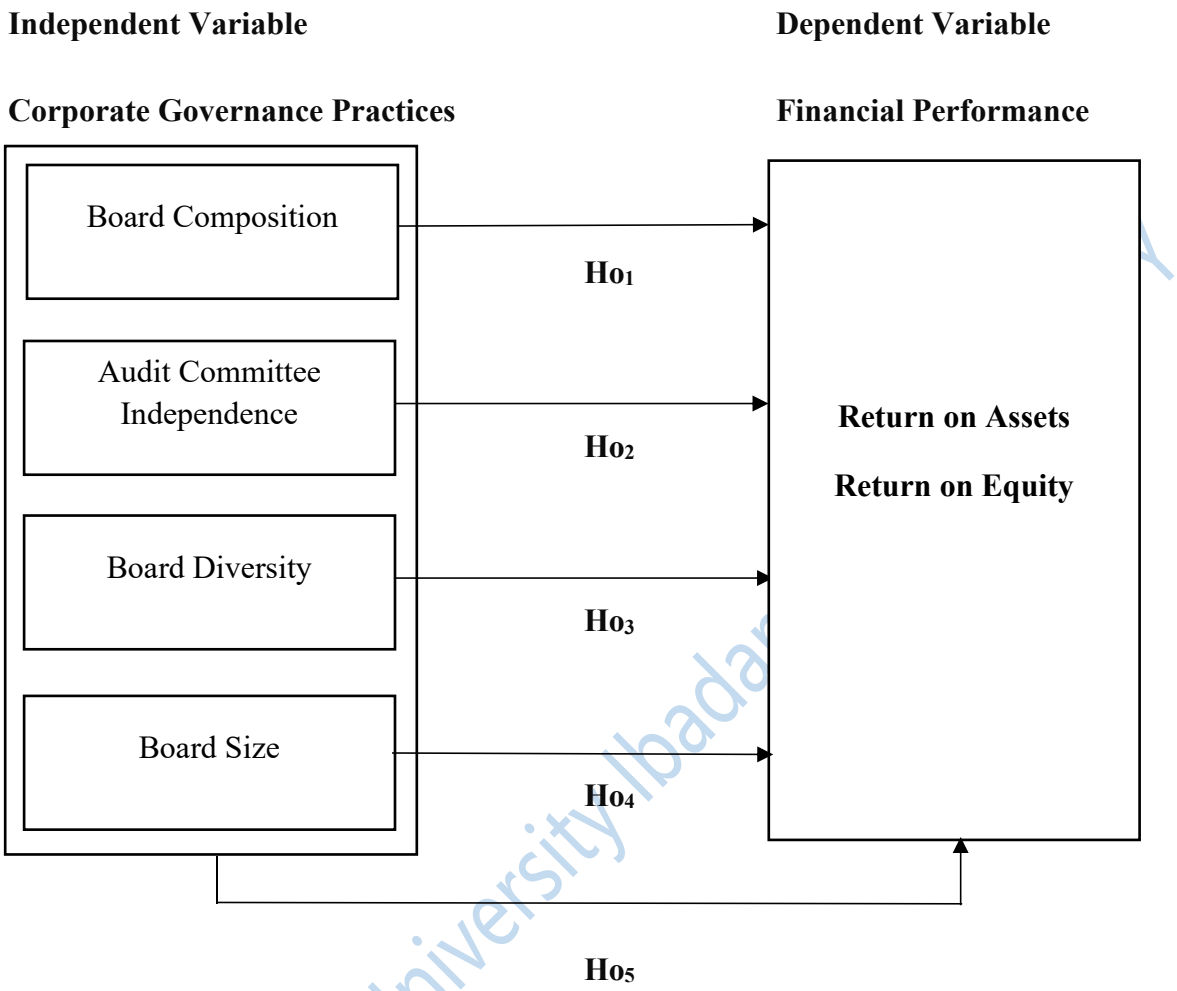
2.4 Conceptual Framework on Corporate Governance and Profitability of Consumer Goods companies in Nigeria.



Source: Researcher's Fieldwork 2024

Based on the literature reviewed, this study came up with a conceptual model as illustrated in Figure 2.1. The illustration depicts that corporate governance can affect the profitability performance of consumer goods manufacturing companies in Nigeria. Therefore, corporate governance measured by board composition, audit committee independent and board diversity are the representation of independent variables in this study, while financial performance of quoted consumer goods companies is the dependent variable which is proxied by return on assets and return on equity.

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2.5 Summary of the Gap in Literature Reviewed

The literature review has elaborated how companies have put in to use the Stakeholders theory Stewardship theory and Agency theory so as to explain the relevance of corporate governance in relation to the control process and management structure in corporate organization and how to reduce the effect of corporate irresponsibility's of management in corporate world. However, several corporate governance mechanisms has been reviewed by researchers.

Besides, from the fact that effect of corporate governance mechanism such as board size, board composition, board independence and board diversity to financial performances has been studied in many countries such as Western countries, Japan, China, Thailand and so on, yet still to the researcher knowledge little study has been done in Nigeria using the above corporate governance mechanism on financial performance of quoted consumer goods companies. Also, it has been observed form the empirical studies that variable like independent of audit committee has not been used by most researchers in Nigeria compare to other developing countries in the world. From the foregoing, the main objective of this study is to examine effect of corporate governance on the financial performance of quoted consumer goods companies in Nigeria.

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Chapter Three

Methodology

This chapter outlines the methods and procedures of analysis and also the estimation processes that will invariably enhance a detailed analysis of the research objectives and the formulated hypotheses. The research method outlined in this chapter gives empirical relevance to the research. This section thereby captures the research design, population and sample representation, method and instrument for data collection, reliability, and validity tests. Other parts include the data analysis method, model specification, and *a priori* expectations.

3.1 Research Design

This study used *ex post facto* research design to determine the effect of corporate governance on the financial performance of quoted consumer goods companies in Nigeria. This study design was predicated on an unchangeable truth that has already been established. It is a type of research design where the investigation begins independently of the researcher after the event has taken place. The study also utilized an *ex post facto* research approach to look at the stated goals. By outlining the relevant variables, this approach offers more information about the most likely study problem. Additionally, this design enables the researcher to extrapolate the results to a wider population. As a result, the research design used allows the researcher to get insight into how the explanatory variables (board composition, audit committee independence, board diversity and board size) affect the dependent variable (financial performance of quoted consumer goods companies in Nigeria).

3.2 Population of the Study

In this study, consumer goods companies in Nigeria that made up of the population are currently over one hundred as at December 2023, however only twenty-one (21) of them were listed on the

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Nigeria Exchange Group (NEG). The sample for this study was selected from a pool of solely consumer goods companies that are listed on the NEG as at the period of this study, which is the study's main focus.

3.3 Sample and Sampling Technique

This study focused on 15 consumer goods companies quoted in the exchange group due to the fact that only these companies have the data that covers the period 2013–2022. The period 2013-2022 was selected for this research due to its relevance in capturing a decade-long trend in corporate governance and financial performance in Nigeria. This timeframe provides a comprehensive dataset for analysis, reflecting governance reforms, economic changes, and regulatory updates that have shaped corporate practices during the period. Additionally, the availability of financial statements for most consumer goods companies up to 2022 ensures robust and reliable data for achieving the research objectives. During the period of this study, there were only 21 consumer goods companies quoted in Nigeria and only those ones that meet the criteria for this research was used. The total enumeration sampling technique were adopted in this study. This was used to the extent that all quoted consumer goods that have their information available as of the period of this research were used.

The companies are as follows (Bua Foods plc, Cadbury Nigeria Plc, Champion Brewery Plc, Dangote Sugar Refinery Plc, DN Tyre & Rubber Plc, Flower Mills Nigeria Plc, Golden Guinea Brew. Plc, Guiness Nig Plc, Honeywell Flower Mill Plc, International Breweries Plc, MCNICHOLS Plc, Multi-trex Integrated Foods Plc, N Nig Flour Mills Plc, NASCON Allied Industries Plc, Nestle Nigeria Plc, Nigerian Brew. Plc, Nigerian Enamelware Plc, PZ Cussons Nigeria Plc, Unilever Nigeria Plc, Union Dicon Salt Plc, Vitafoam Nig Plc).

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3.4 Description of the Research Instrument

In this research, secondary data sources were used. Data on quoted consumer goods companies' specific variables were specifically extracted from published financial statements of chosen quoted consumer goods companies and the Nigeria Exchange Group (NEG)

3.5. Validity and Reliability of Research Instrument

The annual and financial reports of the various consumer goods companies served as the study's main source of secondary data. The quality of the financial statements was further supported by the fact that the annual and financial reports were prepared with strict adherence to accounting rules and audited by a qualified and external auditor according to the regulation. In addition, a published financial statement is characterized by objectivity, completeness, comparability, reliability and availability of data.

3.6 Method of Data Collection

For the purpose of this research work, secondary data sources were used. Data on companies - specific variables were specifically extracted from published financial statements of chosen quoted consumer goods companies on the Nigeria Exchange Group (NEG)

3.7 Method of Data Analysis

For the purpose of this research work, a panel Bivariate regression analysis technique was applied using *E-Views* 10 statistical package for the data analysis. While carrying out the analysis of the variables used in the study, the study employed a correlation analysis that shows the relationship

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between the dependent and independent variables used in the study. Also, regression analysis was used to show the level of significance of the variables and the coefficient of relationship among the variables used in the models. The study was also subjected to the following tests

3.7. 1 Pre-Estimation and Diagnostics Test

The following estimation procedures was used to achieve the five objectives of this study

3.7.1.1 Descriptive Analysis

This was also used to observed trends of mean, median, range, standard deviation, skewness kurtosis, jarque-bera and probability of the variables. These descriptive measures are normally used to detect if there are significant changes in trend of data, and to measure asymmetric distribution and test for normal distribution[7,8].

3.7.1.2 Inferential Analysis

This was used to test the hypotheses formulated for this study. This stage involved the use of panel data analysis which Hausman test was used to determine the best estimator between the fixed effect model and the random effect model to test the hypotheses. Also, robustness checks were conducted with the use of residual diagnostic test through Lagrange Multiplier (LM) test, correlation and heteroskesdasticity test. These robustness checks are usually conducted to know if there is serial correlation among the variables and to ensure that the models used are qualify to produce good results[9,10].

3.7.1.3 Hausman and Breush and Pagan Lagrangian Multiplier (LM) Tests

The Hausman test is sometimes described as a test for model misspecification. The Hausman test assist in determining whether to use a fixed effects model or a random effects model in panel data analysis (the analysis of data across time).The null hypothesis is that the preferred model is random effects. The alternate hypothesis is that the model is fixed effects. Essentially, the research looks to

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see if there is a correlation between the unique errors and the regressors in the model. In a regression model, the Hausman Test finds endogenous regressors (predictor variables). Endogenous variables have values that are determined by other variables in the system. Having endogenous regress in a regression model, the Hausman Test finds endogenous regressors (predictor variables). The values of endogenous variables are influenced by other variables in the system. Ordinary least squares estimators will not work in the presence of endogenous regressors since one of their basic premises is that there is no link between the predictor variable and the error term in a model will cause ordinary least squares estimators to fail, as one of the assumptions of OLS is that there is no correlation between a predictor variable and the error term.

The Hausman test was carried out to determine whether fixed effect, random effect or pooled ordinary least square estimation technique was appropriate for the model. Using the hausman test, the appropriateness of the fixed effect and random effect estimation methods are determined. The study however go further to test the appropriateness of the random effect estimation technique and pooled effect model by conducting the Breush and Pagan Lagrangian Multiplier test. A test known as the Lagrangian Multiplier (LM) test was used to determine whether Random Effect (RE) or Common Effect is preferable (CE). With this test, the Random Effect model is preferred if the null hypothesis is rejected, whereas the Pooled (OLS) model is accepted if the null hypothesis is not rejected.

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3.7.1.4 Cross Sectional Dependence Test

This test enables the researcher to investigate whether there are issues of dependence across the residuals of the model. It reveals whether the model residuals are correlated over time. It is carried out using Pesaran CD test.

Serial Correlation Test

Statistics' term for the relationship between observations of the same variable over a range of time periods is serial correlation. There is no connection and each observation is independent of the others if the serial correlation of a variable is 0. On the other hand, if a variable's serial correlation has a skew toward one, the observations are serially correlated, and subsequent observations are influenced by the values of the past. In essence, a serially linked variable has a pattern and is not random. When a variable and a lagged version of itself (for example, a variable at times T and at T-1) are seen to be correlated with one another over time, this is known as serial correlation in a time series. When a variable's current level influences its potential future level, repeating patterns frequently display serial correlation. Error words happen when a model is not entirely correct and produces inconsistent results when used in practical applications. The error term is serially correlated when error terms from various (often neighboring) periods (or cross-section data) are correlated. When errors from one period continue into subsequent ones, this is known as serial correlation in time-series studies. Breusch-Godfrey serial correlation LM test: BG test will be performed to determine whether there is serial correlation in the residual.

The decision criteria for the test are as follows:

Ho: No serial correlation exists between the residuals (μi and μj)

H1: Serial correlation exists between the residuals (μi and μj)

3.7.1.5 Heteroskedasticity Test

Heteroscedasticity is a term used to describe the situation when the variance of the residuals from a model is not constant. Where the variance of the residuals is constant, it is called homoscedasticity. Homoscedasticity is desirable. Where the variance of the residuals is not constant, it is

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heteroscedastic which is not desirable. Heteroskedasticity (also spelled *heteroscedasticity)* refers to the error variance, or dependence of scattering, within a minimum of one independent variable within a particular sample. These variations was used to calculate the margin of error between data sets, such as expected results and actual results, as it provides a measure of the deviation of data points from the mean value.

Heteroskedasticity can arise in regression models for a variety of reasons, but most frequently due to issues with the dataset. It has been demonstrated that because the discrepancies between the smallest and greatest values are so large, models with a wide range of values are more likely to exhibit heteroskedasticity. To test for heteroscedasticity in the data set, Breusch-Pegan-Godfrey test was employed. The decision criteria is that where the p value < 0.05 it means there is presence of heteroscedasticity for it otherwise, it is homoscedastic. When using regression analysis, especially the analysis of variance, the presence of heteroscedasticity is a significant concern since it might invalidate statistical tests of significance that rely on the assumption that the modeling errors are uncorrelated and uniform. hence that their variances do not vary with the effects being modeled.

3.7.1.6 Normality Test

In order to establish if a data set is adequately described by a normal distribution and to calculate the likelihood that a random variable underlying the data set is normally distributed, normality tests was used. To verify whether sample data were taken from a population with a regularly distributed distribution, a normality test was employed (within some tolerance). A regularly distributed sample population were also used for a number of statistical tests, including the student's t-test and the one-way and two-way ANOVA. The purpose of a normality test is to determine if the distribution of a set of data is compatible with that of a normal distribution. Usually, they are tests of the null hypothesis—more precisely, a goodness-of-fit test—which states that the data are representative of

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a normal population. Hence, while it is possible to reach a definitive conclusion that a set of data is not normally-distributed (by rejecting the null hypothesis), the most one can say if the null hypothesis is not rejected is that the data could possibly come from a normally distributed population.

3.8 Model Specification

This research uses a panel data methodology while estimating the correlation between corporate governance and its determinants as well as their effect on the financial performance of quoted consumer goods companies in Nigeria with the use of Bivariate regression analysis technique. Panel data are able to manage individual heterogeneity due to hidden factors which if neglected in times-series or cross-section estimations lead to prejudiced results[1]. The general form of the models can be specified as follows:

$$\mathbf{Yi}_{it}t=\alpha+\beta X_{it}+\mu$$

Where the subscript i denotes the cross-sectional dimension and t represent the time-series dimension. The left-hand variable Yit represents the dependent variable in the model, and X it contains the set of explanatory variables in the estimation model. α is the constant, and β represents the coefficients. εit represents the random error term.

The study adopted a panel data regression model. The equation is as follows;

$$\mathbf{Y}_{it}=\alpha+\beta_1 X_{1it}+\mu \text{ ..... (i)}$$

$$\mathbf{Y}_{it}=\alpha+\beta_2 X_{2it}+\mu \text{ ..... (ii)}$$

$$\mathbf{Y}_{it}=\alpha+\beta_3 X_{3it}+\mu \text{..... (iii)}$$

$$\mathbf{Y}_{it}=\alpha+\beta_4 X_{4it}+\mu \text{..... (iv)}$$

Where: α= constant

Y it = Consumer goods companies return on assets of company i at period t.

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β_1....βn = Betas for each factor.

X_1-X_3 are the variables influencing financial performance.

Where:

X_1= Board composition

X_2= Audit committee independent

X_3= Board diversity

X_4= Board size

i= The number of consumer goods companies quoted (from the first to the twenty first)

t= Time period in years (2013-2022)

μ = Error term with a significance level of 5%

The functional relationship between corporate governance and financial performance of consumer goods companies quoted in Nigeria is given as:

Y = f(X)

Y = Dependent Variable

X = Independent Variable

Y = Financial Performance

Y = Return on assets and Return on equity

X_1 = Board composition

X_2 = Audit committee independent

X_3 = Board diversity

X_4 = Board size

Financial performance of consumer goods companies quoted in Nigeria (the dependent variable Y) is posited to depend on Board composition, Audit committee independent, Board diversity and

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Board size of these consumer goods companies quoted (the independent variable X_1, X_2,X_3, X_4 respectively) and not vice versa.

The indicators of financial performance used in this study are: Return on Assets (ROA) and Return on Equity (ROE)

Where

Y = Return on Assets (ROA) and Return on Equity (ROE)

To capture the effect of corporate governance on profitability of consumer goods companies quoted in Nigeria, this study will use the ratio of non-directors or outside directors on the board to the total number of directors as the indicator of board composition and the audit committee independence would be measure by the total number of non-executive director members on the committee[1]. Also, Board diversity would be measured as the representation of individuals from different demographic, professional, and experiential backgrounds on the board[2]. Thus, financial performance of consumer goods companies quoted in Nigeria was posited to depend on Board composition (X_1), Audit committee independent (X_2), Board diversity (X_3) and Board size (X_4).

The model is specified in econometric form as follows:

Model One

$$\mathbf{Y_{it}=\alpha+\beta_1 X_{1it}+ \beta_2 X_{2it}+\beta_3 X_{3it}+ \beta_4 X_{4it} +\mu}$$

$$ROA_{it} = \alpha o + \beta_1 BC_{i,t} + \beta_2 AC_{i,t} + \beta_3 BD_{i,t} + \beta_4 BS_{i,t} + \mu \quad \text{----------(i)}$$

Model Two

$$\mathbf{Y_{it}=\alpha+\beta_1 X_{1it}+ \beta_2 X_{2it}+\beta_3 X_{3it}+ \beta_4 X_{4it} +\mu}$$

$$ROE_{it} = \alpha o + \beta_1 BC_{i,t} + \beta_2 AC_{i,t} + \beta_3 BD_{i,t} + \beta_4 BS_{i,t} + \mu \quad \text{----------(ii)}$$

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Where:

ROA_{it} = Return on assets of consumer goods companies quoted i at time t

ROE_{it} = Return on equity of consumer goods companies quoted i at time t

BC_{it} = Board composition of consumer goods companies quoted i at time t

AC_{it} = Audit committee independent of consumer goods companies quoted i at time t

BD_{it} = Board diversity of consumer goods companies quoted i at time t

BS_{it} = Board size of consumer goods companies quoted i at time t

β_{it}, α_{it} are parameters of economic relationship estimated.

μ = Stochastic variable of error term.

Equations i-iv show models depicting the effect of corporate governance on indicator of financial performance of consumer goods companies quoted in Nigeria (ROA) and (ROE) respectively. Since all these variables interact simultaneously in real life, this study then ascertained the effect of corporate governance on financial performance of consumer goods companies quoted in Nigeria.

3.8.1 *A priori* Expectation

Variables	Expected Signs
Return on Assets	Positive (+)
Return on Equity	Positive (+)
Board composition	Positive (+)
Audit committee independent	Positive (+)
Board diversity	Positive (+)

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Board size	Positive (+)

Source: Researcher's report 2024

3.8.2 Variable Description and Measurement

Dependent variable: Financial performance captured by return on asset (ROA) is one of the study's dependent variables. Return on assets (ROA) often described as the primary ratio, relates the income earned by the company to the assets it used in the business operation. It is commonly defined as net income (or pre-tax profit)/total assets. It provides information about management's performance in using the assets of the company to generate money. Profit before tax is generally ideal because calculations using net income after tax figures may show trends due simply to changes in the rates of taxation[2].

Return on Equity (ROE) is the study second dependent variable. Return on equity (ROE) often described as the primary ratio, is a measure of financial performance calculated by dividing net income by shareholders' equity. It is commonly defined as net income (or post-tax and preference dividend profit)/ shareholders' equity.

Independent variables: Board composition: Board composition typically includes a mixture of inside directors and outside directors (also referred to as a non-executive directors), who are not employees or stakeholders in the company. Inside directors and outside director's help balance each other on a company's board. For the purpose of this, Board composition is measured by the proportion of independent non-executive directors to the total number of directors on the board. This metric reflects the level of independence and diversity in perspectives within the board, which are critical components of effective corporate governance. This study uses the ratio of non-directors

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or outside directors on the board to the total number of directors as the indicator of board composition

Audit committee independence: The audit committee independent is given the responsibility of selecting and overseeing the company's independent auditor. The Audit Committee shall consist of a minimum of three directors with independent directors forming a majority: Provided that majority of members of Audit Committee including its Chairperson shall be persons with ability to read and understand the financial statement. Audit committee independence is measured by the proportion of independent members on the audit committee to the total number of committee members. This metric evaluates the extent to which the committee operates independently from management, ensuring unbiased oversight and enhanced governance.

Board diversity

In short, diverse boards make better decisions and result in better outcomes and profits for big companies. And when we say diversity, we don't just mean gender diversity (more women in the boardroom). Board diversity is also about Gender, age, background and skills, Board diversity is measured by the proportion of female directors to the total number of directors on the board. This metric assesses gender diversity, reflecting the representation of women in decision-making roles within the board.

Board size

Board size refers to the number of directors serving on a company's board. The optimal size depends on various factors like the company size, complexity, and industry standard. A balance board size ensures effective decision making and representation of diverse perspective, Board size is measured by the total number of directors serving on the board of the company. This metric

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captures the overall size of the board, which can influence decision-making efficiency and strategic oversight.

3.9 Ethical Consideration

This research work adequately looks and consider the ethical issues involved in the area of research work. The researcher ensures that information about the companies used is not of detrimental effect to their going concern and action was taken to avoid the use of data that negated their interest. Also, those materials used are adequately referenced to avoid the issue of plagiarism.

In order to render this study ethical, the right to self-determination, anonymity, confidentiality and informed consent was observed. The data used in this analysis are a true representation of the data from its source. The result of the study were not falsified, adjusted or influenced to suit any expectation, as such the study made cautious analysis and explanation of data to shun any form of parody of results and any potential harm to parties involved in this research. Efforts were made to avoid bias or any form of deception in the process of presenting and interpreting the data.

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Endnotes

1. H. B Baltagi, E. Peter, & P. Michael, *Estimating Regional Trade Agreement Effects on FDI in an Interdependent World,* **Journal of Econometrics** Vol. 145, No. 1-2, 2008, Pp. 194-208.

2. J. Y. Musa, & A. Y. Onipe, *CEO attributes and financial performance of listed firms in Nigeria.* **British Journal of Management and Marketing Studies**, Vol. 5, No. 1, 2023, Pp. 1-38.

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Chapter Four

Results and Discussion of Result

Following the methodology aspect of this dissertation, this chapter presents the analysis conducted using the information obtained from fifteen (15) quoted consumer goods manufacturing companies in Nigeria between 2013 – 2022. Descriptive statistics were employed to do this, providing a broad picture of the type of data that was utilized. This analysis provided explanations for the mean, standard deviation, minimum and maximum for each variable. In order to determine the strength of the association between the responsive and explanatory factors, correlation was also performed.

Because this study uses panel data, in order to make sure that the optimal data set is chosen to run the regression model, both Fixed and Random effect models were performed. To make sure the best model is selected for the analysis, the Hausman Test was carried out. Diagnostics test was also performed in this study such as Durbin Watson auto/serial correlation test was used.

4.1 Descriptive Statistics Result

The central tendency and variability of the data set are explained by the descriptive statistics below. The median indicates the center value of the data, whereas the mean gives the average value. The degree of variability within the data set is shown by the standard deviation, which calculates the spread of the data points around the mean. The skewness and kurtosis, which can provide information on the symmetry and form of the data distribution, were likewise described by the descriptive result. Kurtosis shows how peaky or flat the distribution is and skewness tells how skewed the data is to one side or the other. These extra statistics offer a more thorough comprehension of the data set and can support deriving valid inferences or making well-informed judgements. The descriptive statistics' findings are shown in table 4.1 below:

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Table 4.1 Descriptive Statistics Result

	BC	BD	ACI	BS	ROA	ROE
Mean	9.666667	1.880000	5.820000	11.14667	0.120341	0.423943
Median	9.000000	2.000000	6.000000	11.00000	0.041346	0.094997
Maximum	17.00000	6.000000	9.000000	18.00000	2.219971	10.24215
Minimum	4.000000	0.000000	4.000000	6.000000	-0.846354	-3.723444
Std. Dev.	2.708839	1.152296	0.997110	2.936433	0.312055	1.534754
Skewness	0.322819	0.948385	0.528944	0.297396	3.439118	4.244606
Kurtosis	2.821089	4.178417	3.855769	2.060841	19.94720	24.10833
Jarque-Bera	2.805360	31.16501	11.57167	7.723733	2090.736	3235.176
Probability	0.245937	0.000000	0.003071	0.021029	0.000000	0.000000
Sum	1450.000	282.0000	873.0000	1672.000	18.05119	63.59143
Sum Sq. Dev.	1093.333	197.8400	148.1400	1284.773	14.50937	350.9651
Observations	150	150	150	150	150	150

Source: Author's computation (2024) Using STATA 15: Where ROA= Return on Assets, ROE= Return on Equity, BC= Board Composition, BD= Board Diversity, ACI= Audit Committee Independence, BS= Board Size

The descriptive statistics reveal that the average board size of consumer goods companies in Nigeria is around 10 members, which is relatively standard. However, there is significant variation, with board sizes ranging from 4 to 17 members (standard deviation of 2.71). This suggests that while most companies follow a typical board size, some prefer smaller or larger boards. Larger boards may offer diverse expertise but face coordination challenges, while smaller boards might be more agile but could lack comprehensive oversight. Balancing board size is crucial for effective decision-making and governance.

The result also shows that gender diversity on boards is notably low in Nigeria's consumer goods sector, with a mean of 1.88 and a median of 2. This suggests that female representation on boards is limited, potentially due to gender biases or insufficient initiatives to promote gender diversity. The low standard deviation of 1.15 indicates this trend is consistent across the sector. Enhancing gender diversity on boards could improve decision-making and corporate governance by incorporating

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diverse perspectives and fostering inclusiveness, ultimately benefiting the financial performance and sustainability of these companies.

The descriptive statistics indicate that audit committee sizes in Nigeria's consumer goods sector are consistent, with a mean of 5.82 and a standard deviation of 0.997. This consistency suggests adherence to regulatory or industry norms, ensuring effective oversight and governance. Audit committees play a crucial role in overseeing financial reporting and ensuring transparency. Maintaining an optimal size is essential for balancing diverse expertise and efficient decision-making. This standardization likely contributes to robust corporate governance practices, positively impacting the financial performance and credibility of these companies.

The result also reveals that the average board size in Nigeria's consumer goods sector is 11.15 members, ranging from 6 to 18 members. This indicates that companies prefer moderately sized boards to balance the need for diverse expertise and efficient decision-making. A larger board can provide a broad range of skills and perspectives, enhancing governance and strategic oversight. However, if the board size becomes too large, it may hinder effective communication and decision-making. Therefore, maintaining an optimal board size is crucial for ensuring effective corporate governance and improving the financial performance of these companies.

The descriptive statistics show that the mean Return on Assets (ROA) of 0.1203 indicates an average 12% return on assets for consumer goods companies in Nigeria, suggesting efficient asset utilization. However, the wide range from -0.8464 to 2.219971 and the high standard deviation of 0.3121 highlight substantial variability in performance. This suggests that while some companies effectively leverage their assets for profitability, others struggle significantly. The variability

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underscores the need for better asset management practices across the sector to enhance overall financial performance and stability.

The descriptive statistics reveal that the average Return on Assets (ROA) for consumer goods companies in Nigeria is 12.03%, indicating efficient asset utilization. However, the wide range from -0.8464 to 2.219971 and a high standard deviation of 0.3121 highlight substantial variability. Similarly, the mean Return on Equity (ROE) is 42.39%, suggesting strong shareholder returns, but the range from -3.7234 to 10.2421 and a standard deviation of 1.5348 indicate significant disparities. These figures underscore the need for improved financial management practices across the sector to enhance consistency in profitability and overall financial performance.

4.2 Correlation Matrix

The intensity and direction of a link between two variables can be described statistically via correlation. A correlation matrix is a table where each column shows the correlation coefficient between two variables. This matrix may be used to find patterns or correlations within a dataset and is a helpful tool for understanding how various variables relate to one another. A strong positive association is indicated by any value around +1 in correlation, while a strong negative relationship is shown by any number close to -1 in correlation. No linear connection between the variables is indicated by a value of 0. Table 4.2 presents the correlation among corporate governance and financial performance of consumer goods companies in Nigeria

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Table 4.2: Result of the Correlation Matrix

	BC	BD	ACI	BS	ROA	ROE
BC	1.0000					
GD	0.141909*	1.0000				
AC	0.265871***	0.062852	1.0000			
BS	0.464680***	0.126229	0.286432***	1.0000		
ROA	-0.261343***	0.038462	0.029178	-0.198420**	1.0000	
ROE	-0.167220**	0.237511***	-0.045106	-0.156324*	0.412892***	1.0000

Source: Author's computation (2024) Using STATA 15: Where ROA= Return on Assets, ROE= Return on Equity, BC= Board Composition, BD= Board Diversity, ACI= Audit Committee Independence, BS= Board Size

*NB: *, **, *** means significant level at 10%, 5% and 1% significant level respectively*

The correlation matrix for the study on the impact of corporate governance on the financial performance of consumer goods companies in Nigeria reveals several key relationships. Board Composition (BC) has a significant positive correlation with Audit Committee Independence (ACI) (0.265871***) and Board Size (BS) (0.464680***), indicating that as board composition becomes more robust, the effectiveness of the audit committee and the size of the board also improve. However, BC shows a significant negative correlation with ROA (-0.261343***) and ROE (-0.167220**), suggesting that changes in board composition may not always translate into better financial performance.

Board Diversity (BD) is significantly positively correlated with Return on Equity (ROE) (0.237511***), suggesting that higher gender diversity enhances shareholder returns. However, BD's correlation with Return on Assets (ROA) (0.038462) is not significant, indicating it doesn't directly impact asset returns. The Audit Committee Independence (ACI) shows a weak positive correlation with ROA (0.029178) and a weak negative correlation with ROE (-0.045106), both of

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which are not significant, implying that the audit committee's influence on financial performance is minimal.

Board Size (BS) has a significant negative correlation with both ROA (-0.198420**) and ROE (-0.156324*), indicating that larger boards may detrimentally impact financial performance. These findings suggest that while gender diversity positively influences shareholder returns, other governance factors like board size and the audit committee have limited or negative effects, highlighting the need for balanced governance structures to optimize financial outcomes.

4.3 Test of Hypotheses

The study hypotheses were put to the test in this part. This is required in order to determine if corporate governance has a significant effect on financial performance of consumer goods companies in Nigeria. The hypothesis's choice criteria are predicated on a 5% confidence level. Accordingly, a probability value of less than 5% will indicate a substantial impact on the financial performance of consumer goods companies in Nigeria; on the other hand, a value of greater than 5% indicates that there is no substantial evidence to support the idea that corporate governance have an impact on financial performance of consumer goods companies in Nigeria.

To test each hypotheses the analysis will go through two stages. The first stage is to conduct fixed and random effect models because the data is a panel data regression model. Selecting the right model is essential to guarantee the precision and dependability of the outcomes, as each model has distinct assumptions and consequences. Fixed effect models allow for individual unit-specific intercepts but presume that all units have the same slopes[1]. On the other hand, the random effect model permits both distinct intercepts and slopes that are unique to each unit[2]. However, the Hausman specification test is frequently used to choose the best model to test the

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hypothesis. In order to determine if the estimates from the fixed effect and random effect models differ significantly from one another, this test compares them. The fixed effect model is more appropriate if the Hausman test indicates that it is. This indicates that the variance in the dependent variable can be significantly explained by each of the unit-specific intercepts. However, if the random effect model wins out, it means that the variance may also be explained by the individual unit-specific slopes. As a consequence, the outcomes of the three models are shown for each tested hypothesis.

Secondly, a diagnostics test was conducted in order confirm the reliability and validity of the regression model in each hypothesis. The diagnostics test conducted the Durbin Watson serial/auto correlation. These are explained in the next subsection.

4.3.1 Test of Hypothesis One

Ho1: Board Composition has no significant effect on financial performance of consumer goods companies in Nigeria.

Table 4.3: Result of the Fixed Effect Model and Random Effect Model for Hypothesis One

Variables	Fixed Effect Model		Random Effect	
	ROA	**ROE**	**ROA**	**ROE**
BC	-0.020387*	0.064500**	-0.022962**	0.006485
	(0.011223)	(0.059054)	(0.010323)	(0.052430)
C	0.317413***	-0.199561	0.342304***	0.361256
	(.110247)	(.1100142)	(0.113531)	0.558448
R^2	0.4674603	0.390432	0.532489	0.000101
F Stat	7.841610	5.721849	4.969893	0.014939

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Prob > Chi2	0.000000	0.000000	0.027299	0.902886

Source: Author's computation (2024) Using STATA 15: Where ROA= Return on Assets, ROE= Return on Equity, BC= Board Composition, BD= Board Diversity, ACI= Audit Committee Independence, BS= Board Size

*NB: *, **, *** means significant level at 10%, 5% and 1% significant level respectively*

4.3.1.1. Hausman Test

A statistical technique called the Hausman test is employed in econometrics to evaluate the dependability and consistency of estimators in panel data analysis[2]. The fixed effects (FE) model and the random effects (RE) model are two distinct estimate approaches. By comparing the coefficients from both models, one may ascertain whether a certain model specification is adequate for their data. The fixed effects model in panel data analysis takes into consideration time-invariant, individual-specific effects4. These fixed effects, which are dummy variables or entity-specific intercepts in the model, describe unobserved variability among individuals. When there are notable individual variations that might have an impact on the dependent variable, the FE model is appropriate.

Since individual-specific effects are assumed to be uncorrelated with the explanatory factors, the random effects model treats them as random variables[3]. In contrast to the FE model, the RE model regards individual-specific effects as random disturbances rather than explicitly accounting for them. When there is no discernible variability across people and individual-specific effects are presumed to be uncorrelated with the explanatory variables, the RE model makes sense.

The coefficients calculated from the FE model and the coefficients estimated from the RE model are compared using the Hausman test. It evaluates the alternative hypothesis—that the FE model is favored—against the null hypothesis, which states that the RE model is the preferred model.

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The test looks for statistical significance in the differences between the two sets of coefficients. The FE model is recommended as it offers reliable and effective estimates that account for the effects that are unique to each individual if the differences between the FE and RE coefficients are statistically significant, suggesting a rejection of the null hypothesis. Since the RE model yields more accurate estimates when individual-specific effects are uncorrelated with the explanatory variables, it may be deemed appropriate if the differences do not meet the statistical threshold, indicating a failure to reject the null hypothesis.

The decision criteria for Hausman Test is that:

Where P value < 0.05, Fixed Effect is more appropriate for the interpretation

Where P value is >0.05, Random Effect Model is more appropriate for interpretation

Table 4.4: Result of the Hausman Test in the First Hypothesis

	ROA	ROE
Chi2(1)	0.341823	4.557343
Prob > Chi2	0.5588	0.0328
Remarks	Random Effect Model	Fixed Effect Model

Source: Author's computation (2024) Using STATA 15: Where ROA= Return on Assets, ROE= Return on Equity, BC= Board Composition, BD= Board Diversity, ACI= Audit Committee Independence, BS= Board Size

*NB: *, **, *** means significant level at 10%, 5% and 1% significant level respectively*

The result in in table 4.4 above shows the Hausman test to establish the relationship between corporate governance and financial performance of consumer goods companies in Nigeria. After the FE model and the RE model has been conducted, the Hausman test helps determine the most appropriate model which the hypothesis will be based. From the result in table 4.7 above (see full

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result in the Appendix), there exist a prob(Chi-Sq) of 0.5588(7.23) > 0.05 for ROA and 0.0328(4.55) < 0.05 for ROE. This confirmed that the RE will be used to test the ROA model while the FE will be used to test the ROE model. The result are however, displayed below below in table 4.5

Restatement of Hypothesis One

Ho1: Board Composition has no significant effect on financial performance of consumer goods companies in Nigeria.

Table 4.5: Regression Model of Hypothesis One Using Random and Fixed Effect Model

Variables	Random Effect Model **Return on Assets**		Fixed Effect Model **Return on Equity**	
	Coefficients (Std error)	Remarks	Coefficients (Std error)	Remarks
BC	-0.022962** (0.010323)	Negative (Significant)	0.064500** (0.059054)	Positive (Significant)
_Const	0.342304*** (0.113531)	Positive (Insignificant)	-0.199561 (.1100142)	Positive (Insignificant)
R^2	0.532489		0.390432	
F Stat	4.969893		5.721849	
Prob > Chi2	0.027299		0.000000	
Overall Remarks	**Significant**		**Significant**	

Source: Author's computation (2024) Using STATA 15: Where ROA= Return on Assets, ROE= Return on Equity, BC= Board Composition, BD= Board Diversity, ACI= Audit Committee Independence, BS= Board Size

*NB: *, **, *** means significant level at 10%, 5% and 1% significant level respectively*

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Based on the result of the hypotheses one using the RE model (Table 4.5) to examine the effect of board composition on financial performance of consumer goods companies in Nigeria using ROA and ROE. The results shows that Board composition has a negative effect on ROA of consumer goods companies in Nigeria (β_1= -0.022962**). This shows that board composition has a negative effect on the ROA of consumer goods companies and is also statistically significant at 5%. Hence 1% increase in board composition negatively affect ROA of consumer goods companies and is statistically significant to confirm this assertion. Board composition is measured by the proportion of independent non-executive directors to the total number of directors on the board, This metric reflects the level of independence and diversity in perspectives within the board, which are critical components of effective corporate governance. Furthermore, for the ROE model, the result shows that board composition have a positive effect on ROE of consumer goods companies in Nigeria (β_1= 0.064500**) with a standard error of 0.059054. This means that a 1% increase in board composition of consumer goods companies will increase ROE by 0.064500 and is statistically significant at 5%. Hence, overall, the result shows that board composition shows a significant effect on both ROA *(β_1= -0.022962**, p=0.027299 < 0.05)* and ROE *(β_1= 0.064500**, p= 0.000 < 0.05) of* consumer goods companies in Nigeria

4.3.1.2 Model Fitness (R^2)

R-squared (R^2) is a statistical measure used to assess the goodness-of-fit of a regression model, indicating how well the independent variables explain the variability of the dependent variable[6]. R^2 are between 0 and 1 and a value close to 1 indicate a good explanatory power for the independent variables in the model. The result shows an R^2 *of* 0.532489 *for ROA,* indicating that about 53.2% of ROA is caused by variations in board composition while 46.8% is caused by

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variables not included in this hypothesis. However, the R^2 value for ROE shows 0.390432 indicating that about 39% of ROE of consumer goods companies is caused by variations in board composition, while 61% is caused by variables not included in this hypothesis.

4.3.1.3 Diagnostics Tests

Diagnostics tests, also known as model diagnostics, are statistical tests that are used to assess the validity and reliability of statistical models. These tests evaluate how well the model fits the data and identify potential problems or shortcomings of the model. A diagnostics tests was performed in this model which is Durbin Watson Diagnostics test.

Table 4.6: Diagnostics Tests of the First Hypothesis

	Durbin Watson Serial Correlation Test	Remarks
ROA	1.986696	No first order serial correlation
ROE	2.070627	No first order serial correlation

Source: Author's computation (2024) Using STATA 15: Where ROA= Return on Assets, ROE= Return on Equity, BC= Board Composition, BD= Board Diversity, ACI= Audit Committee Independence, BS= Board Size

*NB: *, **, *** means significant level at 10%, 5% and 1% significant level respectively*

4..3.1.3.1 Autocorrelation (Durbin-Watson)

Autocorrelation, refers to the correlation between successive observations in a time series or within a dataset where the order of observations matters, it is known as serial correlation, In other words, autocorrelation arises when a variable's values within a dataset or at different times are systematically associated to one another. Time series data, panel data, and regression analysis are just a few of the situations in which autocorrelation may occur.

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The Durbin-Watson statistic is a commonly used measure to detect the presence of autocorrelation in regression analysis, particularly in time series data or when observations are not independent. The Durbin-Watson statistic ranges from 0 to 4, with values close to 2 indicating no autocorrelation, values below 2 indicating positive autocorrelation, and values above 2 indicating negative autocorrelation. The closer the Durbin-Watson statistic is to 0 or 4, the stronger the evidence of autocorrelation. Decision criteria is that a Durbin-Watson statistic near 2 (typically between 1.5 and 2.5) suggests that there is little to no autocorrelation present in the data. From the result of the first hypothesis for ROA there is a D-W stat of 1.986696 and ROE shows 2.070627 which is closer to 2. Hence, there is no evidence of autocorrelation in the model.

4.3.2 Test of Hypothesis Two

Ho2: Audit Committee Independence has no significant effect on financial performance of consumer goods companies in Nigeria.

Table 4.7: Result of the Fixed Effect Model and Random Effect Model for Hypothesis Two

Variables	Fixed Effect Model		Random Effect	
	ROA	**ROE**	**ROA**	**ROE**
ACI	-0.038952	-0.161897	-0.028670	-0.137179
	(0.028113)	(0.147173)	(0.026560)	(0.136933)
C	0.347044**	1.366185	0.287199	1.222325
	(0.164800)	(0.862739)	(0.164778)	(0.839287)
R^2	0.462053	0.390509	0.507799	0.406771
F Stat	7.673013	5.723708	1.163277	1.008987

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Prob > Chi2	0.000000	0.000000	0.282542	0.316785

Source: Author's computation (2024) Using STATA 15: Where ROA= Return on Assets, ROE= Return on Equity, ACI = Audit Committee Independence, BD= Board Diversity, BC= Board Composition, BS= Board Size

*NB: *, **, *** means significant level at 10%, 5% and 1% significant level respectively*

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4.3.2.1. Hausman Test

The Hausman test compares the coefficients estimated from the FE model with those estimated from the RE model. It tests the null hypothesis that the preferred model is the RE model against the alternative hypothesis that the FE model is preferred. Audit committee independence is measured by the proportion of independent members on the audit committee to the total number of committee members. This metric evaluates the extent to which the committee operates independently from management, ensuring unbiased oversight and enhanced governance. The test examines whether the differences between the two sets of coefficients are statistically significant. If the differences between the FE and RE coefficients are statistically significant, indicating a rejection of the null hypothesis, then the FE model is preferred because it provides consistent and efficient estimates, taking into account individual-specific effects. If the differences are not statistically significant, suggesting a failure to reject the null hypothesis, then the RE model may be considered appropriate, as it provides more efficient estimates when individual-specific effects are uncorrelated with the explanatory variables.

The decision criteria for Hausman Test is that:

Where P value < 0.05, Fixed Effect is more appropriate for the interpretation

Where P value is >0.05, Random Effect Model is more appropriate for interpretation

Table 4.8: Result of the Hausman Test in the First Hypothesis

	ROA	ROE
Chi2(1)	1.798884	0.210001
Prob > Chi2	0.5588	0.6468
Remarks	Random Effect Model	Random Effect Model

Source: Author's computation (2024) Using STATA 15: Where ROA= Return on Assets, ROE= Return on Equity, ACI= Audit Committee Independence, BD= Board Diversity, BC= Board Composition, BS= Board Size

*NB: *, **, *** means significant level at 10%, 5% and 1% significant level respectively*

The result in in table 4.8 above shows the Hausman test to establish the relationship between corporate governance and financial performance of consumer goods companies in Nigeria. After the FE model and the RE model has been conducted, the Hausman test helps determine the most appropriate model which the hypothesis will be based. From the result in table 4.7 above (see full result in the Appendix), there exist a prob(Chi-Sq) of 0.5588(0.341823) > 0.05 for ROA and 0.210001(0.6468) > 0.05 for ROE. This confirmed that the RE will be used to test both the ROA model and ROE model. The result are however, displayed below in table 4.9

Restatement of Hypothesis Two

Ho2: Audit Committee Independence has no significant effect on financial performance of consumer goods companies in Nigeria.

Table 4.9: Regression Model of Hypothesis Two Using Random and Fixed Effect Model

Variables	Random Effect Model **Return on Assets**	Random Effect Model **Return on Equity**

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	Coefficients (Std error)	Remarks	Coefficients (Std error)	Remarks
ACI	-0.028670	Negative	-0.137179	Negative
	(0.026560)	(Insignificant)	(0.136933)	(Insignificant)
_Const	0.287199	Positive	1.222325	Positive
	(0.164778)	(Insignificant)	(0.839287)	(Insignificant)
R^2	0.507799		0.406771	
F Stat	1.163277		1.008987	
Prob > Chi2	0.282542		0.316785	
Overall Remarks	**Insignificant**		**Insignificant**	

Source: Author's computation (2024) Using STATA 15: Where ROA= Return on Assets, ROE= Return on Equity, ACI= Audit Committee Independence, BD= Board Diversity, BC= Board Composition, BS= Board Size

*NB: *, **, *** means significant level at 10%, 5% and 1% significant level respectively*

Based on the result of the hypotheses one using the RE model (Table 4.9) to examine the effect of Audit Committee Independence on financial performance of consumer goods companies in Nigeria using ROA and ROE. The results shows that Audit Committee Independence has a negative effect on ROA of consumer goods companies in Nigeria (β_1= -0.028670). Hence 1% increase in Audit Committee Independence negatively affect ROA of consumer goods companies but is not statistically significant to confirm this assertion. Furthermore, for the ROE model, the result shows that Audit Committee Independence have a negative effect on ROE of consumer goods companies in Nigeria (β_1= -0.137179) with a standard error of 0.136933. This means that a 1% increase in Audit Committee Independence of consumer goods companies will increase ROE by -0.137179 but is not statistically significant at 5%. Hence, overall, the result shows that Audit Committee Independence shows a significant effect on both ROA (β_1= -

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0.028670, p=0.282542 > *0.05)* and ROE *(*β_1= -0.137179, p= 0.316785 > *0.05) of* consumer goods companies in Nigeria

4.3.2.2 Model Fitness (R^2)

R-squared (R^2) is a statistical measure used to assess the goodness-of-fit of a regression model, indicating how well the independent variables explain the variability of the dependent variable[6]. R^2 are between 0 and 1 and a value close to 1 indicate a good explanatory power for the independent variables in the model. The result shows an R^2 *of* 0.507799 *for ROA,* indicating that about 50.77% of ROA is caused by variations in Audit Committee Independence while 49.23% is caused by variables not included in this hypothesis. However, the R^2 value for ROE shows 0.406771 indicating that about 40.67% of ROE of consumer goods companies is caused by variations in Audit Committee Independence, while 59.33% is caused by variables not included in this hypothesis.

4.3.2.3 Diagnostics Tests

Diagnostics tests, also known as model diagnostics, are statistical tests that are used to assess the validity and reliability of statistical models. These tests evaluate how well the model fits the data and identify potential problems or shortcomings of the model. A diagnostics tests was performed in this model which is Durbin Watson Diagnostics test.

Table 4.10: Diagnostics Tests of the First Hypothesis

	Durbin Watson Serial Correlation Test	Remarks
ROA	1.930726	No first order serial correlation
ROE	1.983750	No first order serial correlation

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Source: Author's computation (2024) Using STATA 15: Where ROA= Return on Assets, ROE= Return on Equity, BC= Board Composition, BD= Board Diversity, ACI= Audit Committee Independence, BS= Board Size

*NB: *, **, *** means significant level at 10%, 5% and 1% significant level respectively*

4.3.2.3.1 Autocorrelation (Durbin-Watson)

Autocorrelation, refers to the correlation between successive observations in a time series or within a dataset where the order of observations matters, it is known as serial correlation, In other words, autocorrelation arises when a variable's values within a dataset or at different times are systematically associated to one another. Time series data, panel data, and regression analysis are just a few of the situations in which autocorrelation may occur.

The Durbin-Watson statistic is a commonly used measure to detect the presence of autocorrelation in regression analysis, particularly in time series data or when observations are not independent. The Durbin-Watson statistic ranges from 0 to 4, with values close to 2 indicating no autocorrelation, values below 2 indicating positive autocorrelation, and values above 2 indicating negative autocorrelation. The closer the Durbin-Watson statistic is to 0 or 4, the stronger the evidence of autocorrelation. Decision criteria is that a Durbin-Watson statistic near 2 (typically between 1.5 and 2.5) suggests that there is little to no autocorrelation present in the data. From the result of the first hypothesis for ROA there is a D-W stat of 1.930726 and ROE shows 1.983750 which is closer to 2. Hence, there is no evidence of autocorrelation in the model.

4.3.3 Test of Hypothesis Three

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Ho3: Board Diversity has no significant effect on financial performance of consumer goods companies in Nigeria.

Table 4.11: Result of the Fixed Effect Model and Random Effect Model for Hypothesis Three

Variables	Fixed Effect Model		Random Effect	
	ROA	**ROE**	**ROA**	**ROE**
BD	-0.032814	0.152572	0.024610	0.198178**
	(0.022158)	(0.115891)	(0.021297)	(0.109219)
C	0.182032***	0.137107	0.166609	0.051368
	(0.046074)	(0.240978)	(0.068960)	(0.314102)
R^2	0.463133	0.392858	0.378895	0.521707
F Stat	7.706408	5.780416	1.328200	3.283850
Prob > Chi2	0.000000	0.000000	0.250984	0.041992

Source: Author's computation (2024) Using STATA 15: Where ROA= Return on Assets, ROE= Return on Equity, BC= Board Composition, BD= Board Diversity, ACI= Audit Committee Independence, BS= Board Size

*NB: *, **, *** means significant level at 10%, 5% and 1% significant level respectively*

4.3.3.1. Hausman Test

The Hausman test compares the coefficients estimated from the FE model with those estimated from the RE model. It tests the null hypothesis that the preferred model is the RE model against the alternative hypothesis that the FE model is preferred. The test examines whether the differences between the two sets of coefficients are statistically significant. If the differences between the FE and RE coefficients are statistically significant, indicating a rejection of the null hypothesis, then the FE model is preferred because it provides consistent and efficient estimates,

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taking into account individual-specific effects. If the differences are not statistically significant, suggesting a failure to reject the null hypothesis, then the RE model may be considered appropriate, as it provides more efficient estimates when individual-specific effects are uncorrelated with the explanatory variables.

The decision criteria for Hausman Test is that:

Where P value < 0.05, Fixed Effect is more appropriate for the interpretation

Where P value is >0.05, Random Effect Model is more appropriate for interpretation

Table 4.12: Result of the Hausman Test in the First Hypothesis

	ROA	ROE
Chi2(1)	1.798884	1.384945
Prob > Chi2	0.1798	0.2393
Remarks	Random Effect Model	Random Effect Model

Source: Author's computation (2024) Using STATA 15: Where ROA= Return on Assets, ROE= Return on Equity, BC= Board Composition, BD= Board Diversity, ACI= Audit Committee Independence, BS= Board Size

*NB: *, **, *** means significant level at 10%, 5% and 1% significant level respectively*

The result in table 4.12 above shows the Hausman test to establish the relationship between corporate governance and financial performance of consumer goods companies in Nigeria. After the FE model and the RE model has been conducted, the Hausman test helps determine the most appropriate model which the hypothesis will be based. From the result in table 4.7 above (see full result in the Appendix), there exist a prob (Chi-Sq) of 0.1798(1.798884) > 0.05 for ROA and 0.2393(1.384945) > 0.05 for ROE. This confirmed that the RE will be used to test both the ROA model and ROE model. The result were however, displayed below in table 4.13

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Restatement of Hypothesis Three

Ho3: Board Diversity has no significant effect on financial performance of consumer goods companies in Nigeria.

Table 4.13: Regression Model of Hypothesis Three Using Random and Fixed Effect Model

Variables	Random Effect Model **Return on Assets**		Random Effect Model **Return on Equity**	
	Coefficients (Std error)	Remarks	Coefficients (Std error)	Remarks
GD	0.024610	Positive	0.198178**	Positive
	(0.021297)	(Insignificant)	(0.109219)	(Sgnificant)
_Const	0.166609	Positive	0.051368	Positive
	(0.068960)	(Insignificant)	(0.314102)	(Insignificant)
R^2	0.378895		0.521707	
F Stat	1.328200		3.283850	
Prob > Chi2	0.250984		0.041992	
Overall Remarks	**Insignificant**		**Significant**	

Source: Author's computation (2024) Using STATA 15: Where ROA= Return on Assets, ROE= Return on Equity, BC= Board Committee, BD= Board Diversity, ACI= Audit Committee Independence, BS= Board Size

*NB: *, **, *** means significant level at 10%, 5% and 1% significant level respectively*

Based on the result of the hypotheses one using the RE model (Table 4.13) to examine the effect of Board Diversity on financial performance of consumer goods companies in Nigeria using ROA and ROE. Board diversity is measured by the proportion of female directors to the total

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number of directors on the board. This metric assesses gender diversity, reflecting the representation of women in decision-making roles within the board. The results shows that Board Diversity has a positive effect on ROA of consumer goods companies in Nigeria (β_1= 0.024610). Hence 1% increase in Board Diversity positively affect ROA of consumer goods companies but is not statistically significant to confirm this assertion. Furthermore, for the ROE model, the result shows that Board Diversity have a positive effect on ROE of consumer goods companies in Nigeria (β_1= 0.198178**) with a standard error of 0.109219. This means that a 1% increase in Board Diversity of consumer goods companies will increase ROE by 0.198178 and is statistically significant at 5%. Hence, overall the result shows that Board Diversity shows no significant effect on ROA *(β_1= 0.024610, p=0.250984 > 0.05)* and significant effect on ROE *(β_1= 0.198178**, p= 0.041992 < 0.05) of* consumer goods companies in Nigeria

4.3.3.2 Model Fitness (R^2)

R-squared (R^2) is a statistical measure used to assess the goodness-of-fit of a regression model, indicating how well the independent variables explain the variability of the dependent variable[6]. R^2 are between 0 and 1 and a value close to 1 indicate a good explanatory power for the independent variables in the model. The result shows an R^2 *of* 0.378895 *for ROA,* indicating that about 37.88% of ROA is caused by variations in Board Diversity while 62.12% is caused by variables not included in this hypothesis. However, the R^2 value for ROE shows 0.521707 indicating that about 52.17% of ROE of consumer goods companies is caused by variations in Board Diversity, while 47.83% is caused by variables not included in this hypothesis.

4.3.3.3 Diagnostics Tests

Diagnostics tests, also known as model diagnostics, are statistical tests that are used to assess the validity and reliability of statistical models. These tests evaluate how well the model fits the data

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and identify potential problems or shortcomings of the model. A diagnostics tests was performed in this model which is Durbin Watson Diagnostics test.

Table 4.14: Diagnostics Tests of the First Hypothesis

	Durbin Watson Serial Correlation Test	Remarks
ROA	1.955417	No first order serial correlation
ROE	1.929807	No first order serial correlation

Source: Author's computation (2024) Using STATA 15: Where ROA= Return on Assets, ROE= Return on Equity, BC= Board Composition, BD= Board Diversity, ACI= Audit Committee Independence, BS= Board Size

*NB: *, **, *** means significant level at 10%, 5% and 1% significant level respectively*

4.3.3.3.1 Autocorrelation (Durbin-Watson)

Autocorrelation, refers to the correlation between successive observations in a time series or within a dataset where the order of observations matters, it is known as serial correlation, in other words, autocorrelation arises when a variable's values within a dataset or at different times are systematically associated to one another. Time series data, panel data, and regression analysis are just a few of the situations in which autocorrelation may occur.

The Durbin-Watson statistic is a commonly used measure to detect the presence of autocorrelation in regression analysis, particularly in time series data or when observations are not independent. The Durbin-Watson statistic ranges from 0 to 4, with values close to 2 indicating no autocorrelation, values below 2 indicating positive autocorrelation, and values above 2 indicating negative autocorrelation. The closer the Durbin-Watson statistic is to 0 or 4, the stronger the evidence of autocorrelation. Decision criteria is that a Durbin-Watson statistic near 2 (typically between 1.5 and 2.5) suggests that there is little to no autocorrelation present in

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the data. From the result of the first hypothesis for ROA there is a D-W stat of 1.955417 and ROE shows 1.929807 which is closer to 2. Hence, there is no evidence of autocorrelation in the model.

4.3.4 Test of Hypothesis Four

Ho4: Board Size has no significant effect on financial performance of consumer goods companies in Nigeria.

Table 4.15: Result of the Fixed Effect Model and Random Effect Model for Hypothesis Four

Variables	Fixed Effect Model		Random Effect	
	ROA	**ROE**	**ROA**	**ROE**
BS	-0.015319	0.039656	-0.016988**	-0.006910
	(0.011415)	(0.059904)	(0.010283)	(0.051876)
C	0.291095**	-0.018085	0.309696**	0.500969
	(0.128760)	(0.675701)	(0.127542)	(0.628041)
R^2	0.461582	0.387010	0.418214	0.521707
F Stat	7.658485	5.640036	2.745756	0.017576
Prob > Chi2	0.00000	0.000000	0.049631	0.894709

Source: Author's computation (2024) Using STATA 15: Where ROA= Return on Assets, ROE= Return on Equity, BC= Board Composition, BD= Board Diversity, ACI= Audit Committee Independence, BS= Board Size

*NB: *, **, *** means significant level at 10%, 5% and 1% significant level respectively*

4.3.4.1. Hausman Test

The Hausman test compares the coefficients estimated from the FE model with those estimated from the RE model. Board size is measure by the total number of directors serving on the board

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of the company, this metric captures the overall size of the board, which can influence decision-making efficiency and strategic oversight. It tests the null hypothesis that the preferred model is the RE model against the alternative hypothesis that the FE model is preferred. The test examines whether the differences between the two sets of coefficients are statistically significant. If the differences between the FE and RE coefficients are statistically significant, indicating a rejection of the null hypothesis, then the FE model is preferred because it provides consistent and efficient estimates, taking into account individual-specific effects. If the differences are not statistically significant, suggesting a failure to reject the null hypothesis, then the RE model may be considered appropriate, as it provides more efficient estimates when individual-specific effects are uncorrelated with the explanatory variables.

The decision criteria for Hausman Test is that:

Where P value < 0.05, Fixed Effect is more appropriate for the interpretation

Where P value is >0.05, Random Effect Model is more appropriate for interpretation

Table 4.16: Result of the Hausman Test in the First Hypothesis

	ROA	ROE
Chi2(1)	0.113319	2.416201
Prob > Chi2	0.7364	0.1201
Remarks	Random Effect Model	Random Effect Model

Source: Author's computation (2024) Using STATA 15: Where ROA= Return on Assets, ROE= Return on Equity, BC= Board Composition, BD= Board Diversity, ACI= Audit Committee Independence, BS= Board Size

*NB: *, **, *** means significant level at 10%, 5% and 1% significant level respectively*

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The result in table 4.16 above shows the Hausman test to establish the relationship between corporate governance and financial performance of consumer goods companies in Nigeria. After the FE model and the RE model has been conducted, the Hausman test helps determine the most appropriate model which the hypothesis will be based. From the result in table 4.7 above (see full result in the Appendix), there exist a prob(Chi-Sq) of 0.7364(0.113319) > 0.05 for ROA and 0.1201(2.416201) > 0.05 for ROE. This confirmed that the RE will be used to test both the ROA model and ROE model. The result are however, displayed below in table 4.17

Restatement of Hypothesis Four

Ho4: Board Size has no significant effect on financial performance of consumer goods companies in Nigeria.

Table 4.17: Regression Model of Hypothesis Four Using Random and Fixed Effect Model

Variables	Random Effect Model **Return on Assets**		Random Effect Model **Return on Equity**	
	Coefficients (Std error)	Remarks	Coefficients (Std error)	Remarks
BS	-0.016988**	Negative	-0.006910	Negative
	(0.010283)	(Significant)	(0.051876)	(Insignificant)
_Const	0.309696**	Positive	0.500969	Positive
	(0.127542)	(Significant)	(0.628041)	(Insignificant)
R^2	0.418214		0.121707	
F Stat	2.745756		0.000119	
Prob > Chi2	0.049631		0.894709	

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Overall Remarks	**Significant**	**Insignificant**

Source: Author's computation (2024) Using STATA 15: Where ROA= Return on Assets, ROE= Return on Equity, BC= Board Size, GD= Board Size, AC= Audit Committee, BS= Board Size

*NB: *, **, *** means significant level at 10%, 5% and 1% significant level respectively*

Based on the result of the hypotheses one using the RE model (Table 4.17) to examine the effect of Board Size on financial performance of consumer goods companies in Nigeria using ROA and ROE. The results shows that Board Size has a negative effect on ROA of consumer goods companies in Nigeria (β_1= -0.016988). Hence 1% increase in Board Size negatively affect ROA of consumer goods companies and is statistically significant to confirm this assertion. Furthermore, for the ROE model, the result shows that Board Size have a negative effect on ROE of consumer goods companies in Nigeria (β_1= -0.006910) with a standard error of 0.051876. This means that a 1% increase in Board Size of consumer goods companies will reduce ROE by 0.006910 but is not statistically significant at 5%. Hence, overall the result shows that Board Size shows a significant effect on ROA *(β_1= -0.016988, p=0.049631 > 0.05)* and insignificant effect on ROE *(β_1= -0.006910, p= 0.894709 < 0.05) of* consumer goods companies in Nigeria

4.3.4.2 Model Fitness (R^2)

R-squared (R^2) is a statistical measure used to assess the goodness-of-fit of a regression model, indicating how well the independent variables explain the variability of the dependent variable[6]. R^2 are between 0 and 1 and a value close to 1 indicate a good explanatory power for the independent variables in the model. The result shows an R^2 *of* 0.418214 *for ROA,* indicating that about 41.8% of ROA is caused by variations in Board Size while 58.2% is caused by variables not included in this hypothesis. However, the R^2 value for ROE shows 0.0019 indicating that about 0.19% of ROE of consumer goods companies is caused by variations in Board Size, while

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99.81% is caused by variables not included in this hypothesis confirming the insignificance of the ROE model.

4.3.4.3 Diagnostics Tests

Diagnostics tests, also known as model diagnostics, are statistical tests that are used to assess the validity and reliability of statistical models. These tests evaluate how well the model fits the data and identify potential problems or shortcomings of the model. A diagnostics tests was performed in this model which is Durbin Watson Diagnostics test.

Table 4.18: Diagnostics Tests of the Fifth Hypothesis

	Durbin Watson Serial Correlation Test	Remarks
ROA	1.960375	No first order serial correlation
ROE	1.949200	No first order serial correlation

Source: Author's computation (2024) Using STATA 15: Where ROA= Return on Assets, ROE= Return on Equity, BC= Board Composition, BD= Board Diversity, ACI= Audit Committee Independence, BS= Board Size

*NB: *, **, *** means significant level at 10%, 5% and 1% significant level respectively*

4.3.4.3.1 Autocorrelation (Durbin-Watson)

Autocorrelation, refers to the correlation between successive observations in a time series or within a dataset where the order of observations matters, It known as serial correlation, In other words, autocorrelation arises when a variable's values within a dataset or at different times are systematically associated to one another. Time series data, panel data, and regression analysis are just a few of the situations in which autocorrelation may occur.

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The Durbin-Watson statistic is a commonly used measure to detect the presence of autocorrelation in regression analysis, particularly in time series data or when observations are not independent. The Durbin-Watson statistic ranges from 0 to 4, with values close to 2 indicating no autocorrelation, values below 2 indicating positive autocorrelation, and values above 2 indicating negative autocorrelation. The closer the Durbin-Watson statistic is to 0 or 4, the stronger the evidence of autocorrelation. Decision criteria is that a Durbin-Watson statistic near 2 (typically between 1.5 and 2.5) suggests that there is little to no autocorrelation present in the data. From the result of the first hypothesis for ROA there is a D-W stat of 1.960375 and ROE shows 1.949200 which is closer to 2. Hence, there is no evidence of autocorrelation in the model.

4.3.5 Test of Hypothesis Five

Ho5: Corporate governance has no significant effect on financial performance of consumer goods companies in Nigeria.

Table 4.19: Result of the Fixed Effect Model and Random Effect Model for Hypothesis Five

Variables	Fixed Effect Model		Random Effect	
	ROA	**ROE**	**ROA**	**ROE**
AC	-0.031239	-0.197894	-0.016752	-0.120761
BC	-0.057846	0.317510	0.072518	0.146811
BS	0.046119	-0.272981	0.053728	-0.165949
GD	-0.023213	0.106078	0.010408	0.210257
C	0.390899	1.349822	0.339519	1.162092

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R^2	0.482167	0.410107	0.452615	0.035955
F Stat	6.776520	5.059670	6.013211	1.351966
Prob > Chi2	0.00000	0.000000	0.015661	0.253616

Source: Author's computation (2024) Using STATA 15: Where ROA= Return on Assets, ROE= Return on Equity, BC= Board Composition, BD= Board Diversity, ACI= Audit Committee Independence, BS= Board Size

*NB: *, **, *** means significant level at 10%, 5% and 1% significant level respectively*

4.3.5.1. Hausman Test

The Hausman test compares the coefficients estimated from the FE model with those estimated from the RE model. Corporate governance is measured using four key mechanisms which are Board composition, Audit committee independence, Board diversity and Board size, These variables collectively represent the corporate governance framework and its impact on financial performance. It tests the null hypothesis that the preferred model is the RE model against the alternative hypothesis that the FE model is preferred. The test examines whether the differences between the two sets of coefficients are statistically significant. If the differences between the FE and RE coefficients are statistically significant, indicating a rejection of the null hypothesis, then the FE model is preferred because it provides consistent and efficient estimates, taking into account individual-specific effects. If the differences are not statistically significant, suggesting a failure to reject the null hypothesis, then the RE model may be considered appropriate, as it provides more efficient estimates when individual-specific effects are uncorrelated with the explanatory variables.

The decision criterial for Hausman Test is that:

Where P value < 0.05, Fixed Effect is more appropriate for the interpretation

Where P value is >0.05, Random Effect Model is more appropriate for interpretation

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Table 4.20: Result of the Hausman Test in the Fith Hypothesis

	ROA	ROE
Chi2(1)	4.544586	8.846431
Prob > Chi2	0.3373	0.0451
Remarks	Random Effect Model	Fixed Effect Model

Source: Author's computation (2024) Using STATA 15: Where ROA= Return on Assets, ROE= Return on Equity, BC= Board Composition, BD= Board Diversity, ACI= Audit Committee Independence, BS= Board Size

*NB: *, **, *** means significant level at 10%, 5% and 1% significant level respectively*

The result in in table 4.20 above shows the Hausman test to establish the relationship between corporate governance and financial performance of consumer goods companies in Nigeria. After the FE model and the RE model has been conducted, the Hausman test helps determine the most appropriate model which the hypothesis will be based. From the result in table 4.7 above (see full result in the Appendix), there exist a prob(Chi-Sq) of 0.3373(4.544586) > 0.05 for ROA and 0.0451(8.846431) > 0.05 for ROE. This confirmed that the RE will be used to test ROA model and FE will be used to test the ROE model. The result are however, displayed below in table 4.21

Restatement of Hypothesis Five

Ho5: Corporate governance has no significant effect on financial performance of consumer goods companies in Nigeria.

Table 4.21: Regression Model of Hypothesis One Using Random and Fixed Effect Model

	Random Effect Model	Fixed Effect Model
Variables	**Return on Assets**	**Return on Equity**

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	Coefficients (Std error)	Remarks	Coefficients (Std error)	Remarks
AC	-0.016752	Negative (Insignificant)	-0.197894	Negative (Insignificant)
BC	0.072518**	Positive (Significant)	0.317510**	Positive (Significant)
BS	0.053728	Positive (Insignificant)	-0.272981	Negative (Insignificant)
GD	0.010408**	Positive (Significant)	0.106078**	Positive (Significant)
_Const	0.339519	Positive (Significant)	1.349822	Positive (Insignificant)
R^2	0.452615		0.410107	
F Stat	6.013211		5.059670	
Prob > Chi2	0.015661		0.000000	
Overall Remarks	**Significant**		**Significant**	

Source: Author's computation (2024) Using STATA 15: Where ROA= Return on Assets, ROE= Return on Equity, BC= Board Composition, BD= Board Diversity, ACI= Audit Committee independence, BS= Board Size

*NB: *, **, *** means significant level at 10%, 5% and 1% significant level respectively*

Based on the result of the hypotheses one using the RE model (Table 4.21) to examine the effect of corporate governance on financial performance of consumer goods companies in Nigeria using ROA and ROE. The results shows that audit committee independence has a negative effect on both ROA and ROE of consumer goods companies in Nigeria (β_1= -0.016752, β_1= -0.197894) but it is not statistically significant to confirm this assertion. This shows that an increase in ACI will negatively affect the financial performance of consumer goods companies in Nigeria but not

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significant. Board composition on the other hand shows a positive effect on both ROA and ROE (β_2= 0.072518**, β_2= 0.317510**) and is statistically significant to confirm this assertion. Hence, a change in board composition will positively improve financial performance of consumer goods companies in terms of ROA and ROE.

In terms of board size, there is a mixed result. The result shows that BS has a positive effect on ROA of consumer goods companies (β_3= 0.053728) but have a negative effect on ROE of consumer goods companies in Nigeria (β_3= -0.272981) although both results are not statistically significant. This shows that while BS has a positive effect on ROA, it has a negative effect on ROE of consumer goods companies in Nigeria. Gender diversity in both instances has a positive effect on ROA and ROE of consumer goods companies in Nigeria (β_4= 0.010408**, β_4= 0.106078**) and is statistically significant at 5% level of significance.

4.3.5.2 Model Fitness (R^2)

R-squared (R^2) is a statistical measure used to assess the goodness-of-fit of a regression model, indicating how well the independent variables explain the variability of the dependent variable[6]. R^2 are between 0 and 1 and a value close to 1 indicate a good explanatory power for the independent variables in the model. The result shows an R^2 *of* 0.452615 for ROA, indicating that about 45.26% of ROA is caused by variations in Board Size while 54.74% is caused by variables not included in this hypothesis. However, the R^2 value for ROE shows 0.410107 indicating that about 41.01% of ROE of consumer goods companies is caused by variations in Board Size, while 58.99% is caused by variables not included in this hypothesis confirming the significance of the ROE model.

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4.3.5.3 Diagnostics Tests

Diagnostics tests, also known as model diagnostics, are statistical tests that are used to assess the validity and reliability of statistical models. These tests evaluate how well the model fits the data and identify potential problems or shortcomings of the model. A diagnostics tests was performed in this model which is Durbin Watson Diagnostics test.

Table 4.22: Diagnostics Tests of the Fifth Hypothesis

	Durbin Watson Serial Correlation Test	Remarks
ROA	1.740066	No first order serial correlation
ROE	1.629303	No first order serial correlation

Source: Author's computation (2024) Using STATA 15: Where ROA= Return on Assets, ROE= Return on Equity, BC= Board Composition, GD= Board Diversity, ACI= Audit Committee Independence, BS= Board Size

*NB: *, **, *** means significant level at 10%, 5% and 1% significant level respectively*

4.3.5.3.1 Autocorrelation (Durbin-Watson)

Autocorrelation, refers to the correlation between successive observations in a time series or within a dataset where the order of observations matters, It is known as serial correlation, In other words, autocorrelation arises when a variable's values within a dataset or at different times are systematically associated to one another. Time series data, panel data, and regression analysis are just a few of the situations in which autocorrelation may occur.

The Durbin-Watson statistic is a commonly used measure to detect the presence of autocorrelation in regression analysis, particularly in time series data or when observations are not independent. The Durbin-Watson statistic ranges from 0 to 4, with values close to 2 indicating no autocorrelation, values below 2 indicating positive autocorrelation, and values

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above 2 indicating negative autocorrelation. The closer the Durbin-Watson statistic is to 0 or 4, the stronger the evidence of autocorrelation. Decision criteria is that a Durbin-Watson statistic near 2 (typically between 1.5 and 2.5) suggests that there is little to no autocorrelation present in the data. From the result of the first hypothesis for ROA there is a D-W stat of 1.960375 and ROE shows 1.949200 which is closer to 2. Hence, there is no evidence of autocorrelation in the model.

4.4 Summary of Findings

Hypotheses	Remarks	
	Merger and Acquisition	Financial Assets
Ho_1: Board Composition has no significant effect on financial performance of consumer goods companies in Nigeria.	Rejected	Rejected
Ho_2: Audit Committee Independence has no significant effect on financial performance of consumer goods companies in Nigeria.	Accepted	Accepted
Ho_3: Board Diversity has no significant effect on financial performance of consumer goods companies in Nigeria.	Accepted	Rejected
Ho4: Board Size has no significant effect on financial performance of consumer goods companies in Nigeria.	Rejected	Accepted
Ho5: Corporate governance has no significant effect on financial performance of consumer goods companies in Nigeria.	Rejected	Rejected

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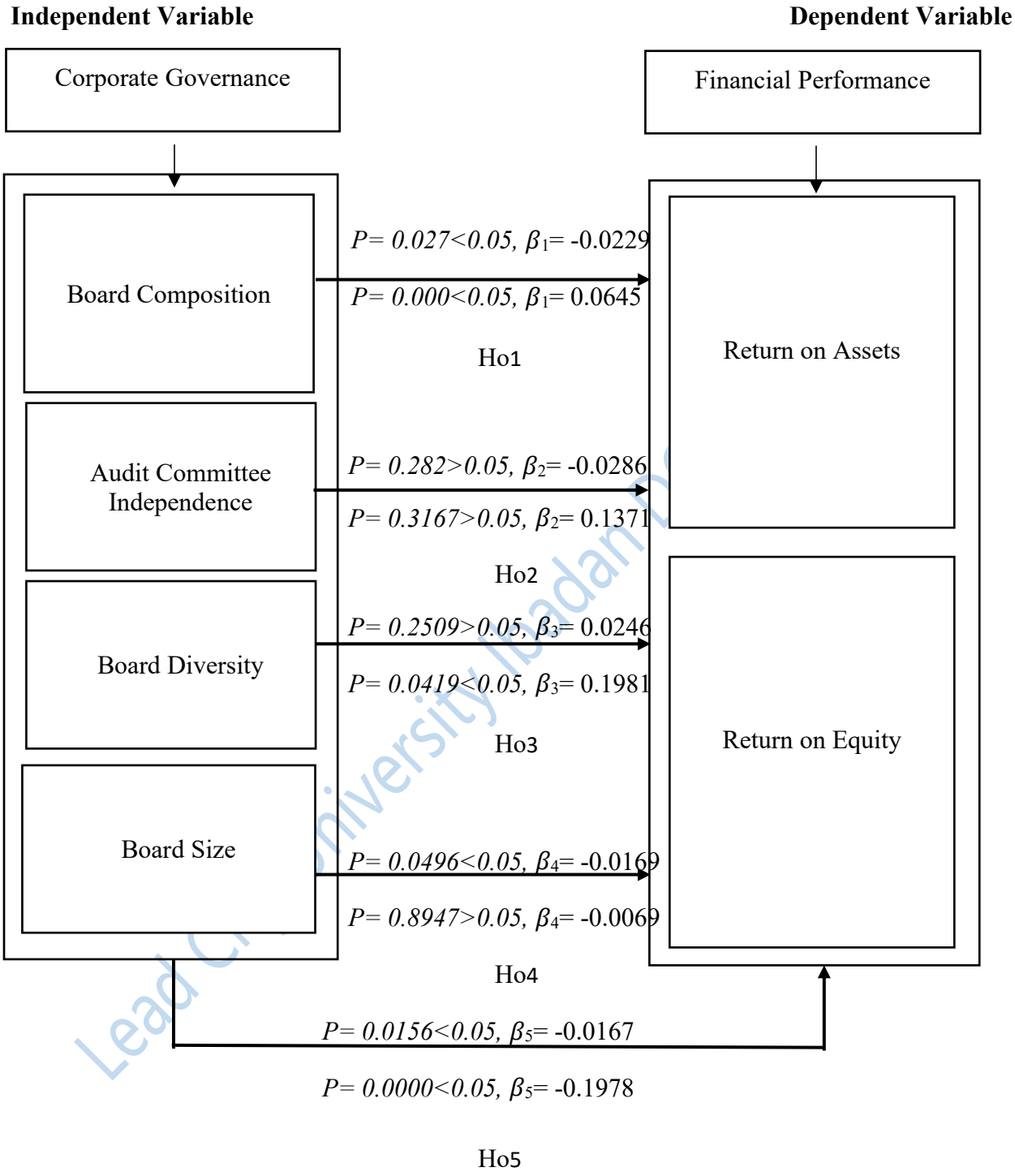
4.5 Resultant Model



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4.6 Discussion of Findings

From the above analysis it is revealed that there are complex relationship between various corporate governance mechanisms and financial performance of consumer goods companies in Nigeria.

The findings from hypothesis one reveals a complex relationship between board composition and the financial performance of consumer goods companies in Nigeria. Specifically, the results indicate that board composition negatively impacts both return on assets (ROA) and return on equity (ROE). This negative effect suggests that the current makeup of boards may not be conducive to maximizing asset efficiency or equity returns within these firms. The statistical significance of these results underscores the robustness of this conclusion. These findings may point to potential issues such as inadequate diversity, lack of expertise, or ineffective governance practices within the boards of consumer goods companies. The negative impact on ROA implies that the board composition may hinder the optimal utilization of company assets, while the negative effect on ROE suggests a detrimental influence on shareholder value creation.

Several researchers have found similar negative impacts of board composition on financial performance, indicating inadequate diversity and expertise[4,5]. These studies support the assertion that ineffective governance can hinder asset utilization and shareholder value creation. Conversely, some studies argue that a well-composed board enhances financial outcomes, citing examples of improved ROA and ROE with diverse and skilled board members[6,7]. This divergence in findings highlights the complex relationship between board composition and financial performance, necessitating further investigation.

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The results from hypothesis two indicate that audit committee independence negatively affects both return on assets (ROA) and return on equity (ROE) of consumer goods companies in Nigeria, although these effects are not statistically significant. This lack of significance suggests that while there may be a negative trend, it is not strong enough to conclusively determine an impact. Several factors could contribute to these findings. Firstly, the mere presence of independent audit committees may not be sufficient to ensure effective oversight and governance; the effectiveness of these committees depends on the expertise and engagement of their members. Secondly, the implementation of audit committee recommendations might face resistance or be inadequately enforced, diminishing their potential positive impact on financial performance. Additionally, cultural and regulatory differences in Nigeria could influence how corporate governance practices, such as audit committee independence, are executed and perceived compared to other contexts. Ultimately, these results highlight the need for a more nuanced understanding of how audit committee independence interacts with other governance mechanisms and organizational dynamics within Nigerian consumer goods companies.

Empirically, some research supports the notion that independent audit committees enhance oversight and governance, leading to better financial outcomes[8,9,10]. However, other studies align with the observed negative trend, arguing that independence alone is insufficient without expertise and active engagement[11]. In the Nigerian context, cultural and regulatory factors may further complicate these dynamics[12]. This necessitates a deeper exploration of how audit committee independence interacts with other governance mechanisms in Nigeria.

The results from hypothesis three indicate that Board diversity on boards positively impacts both return on assets (ROA) and return on equity (ROE) for consumer goods companies in Nigeria.

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However, while the effect on ROA is not statistically significant, the positive impact on ROE is significant. This suggests that while gender diversity contributes to enhancing shareholder value, its influence on asset efficiency is less pronounced. The significant positive effect on ROE could be attributed to diverse perspectives and approaches that women bring to the board, potentially leading to better decision-making and strategic oversight. This diversity can foster a more inclusive and innovative environment, enhancing company performance and profitability. The lack of significance for ROA may indicate that the benefits of gender diversity are more aligned with strategic rather than operational efficiency. Moreover, these findings highlight the importance of promoting gender diversity as a key component of effective corporate governance. While its impact on asset utilization may be indirect or take longer to materialize, the immediate positive effect on equity returns underscores its value in driving financial performance and long-term sustainability.

Supporting the positive impact on ROE, some studies suggest that gender-diverse boards enhance decision-making and strategic oversight, leading to better financial outcomes[13,14]. Conversely, another scholar found that gender diversity does not always correlate with improved performance, highlighting potential inefficiencies[15]. The non-significant effect on ROA in this study suggests that gender diversity may influence strategic rather than operational efficiency, aligning with findings of an author on the broader benefits of diverse perspectives[13]. This underscores the importance of promoting board diversity for long-term financial sustainability.

The results from hypothesis four reveal that board size negatively affects both return on assets (ROA) and return on equity (ROE) for consumer goods companies in Nigeria. The significant negative impact on ROA suggests that larger boards may lead to inefficiencies in asset utilization.

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This could be due to slower decision-making processes, lack of cohesion, or difficulties in reaching consensus, which can impede timely and effective management actions. Conversely, the negative effect on ROE, although not statistically significant, indicates a potential adverse impact on shareholder returns. This lack of significance might suggest that while larger board sizes could hinder operational efficiency, they do not have a uniformly strong effect on overall profitability and equity returns. Supporting the negative impact on ROA, some studies found that larger boards can lead to slower decision-making and reduced efficiency[16,17,18]. These inefficiencies in asset utilization align with the findings in this study. Conversely, another study argue that larger boards can offer diverse expertise and resources, which might explain the non-significant negative effect on ROE observed here[16]. This suggests that while larger boards can hinder operational efficiency, their impact on overall profitability and equity returns may be mitigated by other factors, such as strategic oversight and resource availability.

In relation to hypothesis five, the significant impact of corporate governance on both return on assets (ROA) and return on equity (ROE) in Nigerian consumer goods companies highlights the critical role of governance practices in financial performance. Effective governance structures, including board composition, audit committee oversight, and gender diversity, contribute to improved decision-making and strategic direction. Studies support this by emphasising that robust governance frameworks enhance accountability and transparency, thereby boosting investor confidence and operational efficiency[5,7,8]. Conversely, challenges such as regulatory inconsistencies and cultural factors may hinder governance effectiveness[12]. Additionally, the unique operational contexts of consumer goods companies in Nigeria, including market volatility and resource constraints, underscore the need for tailored governance practices.

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These results are directly linked to the stakeholder's theory which emphasizes the importance of considering the interests of all stakeholders, including shareholders, employees, customers, and the community. Larger board sizes may lead to increased representation of various stakeholder groups, potentially improving decision-making by incorporating diverse perspectives. However, the challenge lies in balancing the need for diverse representation with the need for efficient decision-making processes. The negative impact of board composition on ROA and ROE suggests inadequate diversity and expertise, leading to ineffective governance. Similarly, audit committee independence shows no significant positive effect, indicating gaps in oversight. Gender diversity positively impacts ROE, supporting inclusivity and better decision-making. However, larger board sizes negatively affect ROA, suggesting inefficiencies in decision-making. Aligning governance practices with stakeholder theory principles can enhance financial performance and meet stakeholder needs, promoting sustainable growth and long-term success.

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Chapter Five

Conclusion

This chapter discusses the summary of the findings, conclusion and recommendations of the study. The findings of this research significantly summarize the precise contributions of this study to knowledge and at the same time present suggestions for further studies.

5.1 Summary

The study examines the effect of corporate governance on financial performance of consumer goods companies in Nigeria. It is particularly emphasized on various ratios used by consumer goods companies to make various financial performances. The study used the four mechanisms of corporate governance such as board composition, audit committee independence, gender diversity, board size and two financial performances such as return on asset and return on equity. In realizing these aforementioned aims, the study was structured into five chapters. The first chapter dealt with the introduction and background of the study, identified the problems of the study, defined the objectives of the study, and formulated appropriate research questions and hypotheses to guide the investigation of the study. It also highlighted the importance, the justification of the study and described the scope as well as gave the definition of the terms used in the course of this study. The second chapter reviewed related literatures relevant to the concept of corporate governance and short-term liquidity. In this chapter theoretical and empirical framework were also reviewed. In addition, conceptual model on corporate governance was constructed based on previous research, theories and models. Finally, the summary was also given and gap in the literatures was identified.

Thereafter, chapter three presented the research methodology. This chapter presented the research design, population of the study, sample size determination, sampling technique,

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sampling procedure, method of data collection and administration of the instrument and method of data analysis with emphasis on the techniques of estimation were made and conceptual model and finally ethical considerations.

Subsequently, the next chapter which is chapter four presented the analysis, results and discussion of the major findings. This was done using both descriptive and inferential analysis. The descriptive aspect of analysis was used to interpret the data collected to determine their average, standard deviation, minimum and maximum. Correlation matrix was also used to establish the level of relationship between among the explanatory variables and also determine whether a multi-collinearity problem exist in the model but multi-collinearity does not exist in the data. The second aspect of the analysis employed inferential analysis to determine the relationship between corporate governance and financial performance of consumer goods companies in Nigeria. To test the study hypotheses, as a panel data analysis, both fixed effect and random effect model were conducted and then Hausman test was used to select the best model between fixed and random effect model. Five hypothesis were tested in this model. One diagnostics test were performed in order to determine the reliability and validity of the result. Durbin serial correlation test was conducted and all hypothesis shows no presence of serial correlation. The last chapter concluded the study in terms of summary, conclusion and recommendations and suggested areas for further studies.

Major empirical findings and the result of the hypotheses tested are outlined thus

i. Board composition has a negative and significant effect on ROA of consumer goods companies *(P= 0.027<0.05,* β_1= -0.0229*)* but have a positive and significant effect on ROE *(P= 0.000<0.05,* β_1= 0.0645*)* of consumer goods companies in Nigeria

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ii. Audit committee independence has a negative but insignificant effect on ROA of consumer goods companies *(P= 0.282>0.05, β_2= -0.0286)* and have a negative and insignificant effect on ROE *(P= 0.3167>0.05, β_2= 0.1371)* of consumer goods companies in Nigeria

iii. Board diversity has a positive but insignificant effect on ROA of consumer goods companies *(P= 0.2509>0.05, β_3= 0.0246)* and have a positive and significant effect on ROE *(P= 0.0419<0.05, β_3= 0.1981)* of consumer goods companies in Nigeria

iv. Board size has a negative and significant effect on ROA of consumer goods companies *(P= 0.0496<0.05, β_4= -0.0169)* and have a negative and insignificant effect on ROE *(P= 0.8947>0.05, β_4= -0.0069)* of consumer goods companies in Nigeria

v. Corporate governance has a significant effect on ROA *(P= 0.0002<0.05, R2= 0.452)* and also investment in financial assets *(P= 0.015661<0.05, R2= 0.7335)* and also a significant effect on ROE *(P= 0.0000<0.05, R2= 0.4101)* of consumer goods companies in Nigeria

5.2 Conclusion

The study analyzed the relationship between corporate governance and financial performance of consumer goods companies in Nigeria. The results of the study provided both empirical and statistical evidences on the relationship between various financial metrics such as profitability ratios, liquidity ratios, long-term solvency ratio and short-term solvency ratio on various financial performances of consumer goods companies.

The study's findings underscore a crucial link between board composition and financial performance in Nigerian consumer goods companies. The negative impact on both ROA and ROE suggests that current board structures may not effectively optimize asset efficiency or shareholder value creation. This points to potential issues such as inadequate diversity and expertise within boards, as well as governance practices that may not align with best practices.

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Stakeholder theory provides a lens to understand these dynamics, emphasizing that boards should represent diverse stakeholder interests to enhance decision-making and long-term sustainability. Effective governance, inclusive of diverse perspectives and robust oversight, is crucial for aligning corporate objectives with stakeholder needs. The significant findings highlight the importance of board composition in shaping strategic direction and operational effectiveness, urging companies to adopt governance practices that foster accountability, transparency, and stakeholder value.

The study's findings on audit committee independence in Nigerian consumer goods companies reveal a nuanced relationship with financial performance. Despite not reaching statistical significance, the observed negative trend suggests potential inefficiencies in oversight and governance. This underscores the complex interplay between committee independence, expertise, and regulatory context. For stakeholders' theory perspective, while independent audit committees are crucial for transparency and accountability, their impact on financial outcomes may vary based on implementation and cultural factors. This study highlights the importance of active committee engagement and regulatory alignment. The study underscores the need for tailored governance practices that enhance committee effectiveness, ensuring robust oversight and mitigating potential governance gaps that could impact stakeholder trust and financial performance.

The findings from hypotheses three, four, and five underscore critical insights into the dynamics of corporate governance and its impact on financial performance in Nigerian consumer goods companies. Board diversity on boards, as highlighted in hypothesis three, demonstrates a significant positive effect on return on equity (ROE), suggesting that diverse perspectives foster better strategic oversight and decision-making. However, the non-significant impact on return on

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assets (ROA) indicates that the benefits of gender diversity may manifest more prominently in long-term strategic outcomes rather than immediate operational efficiencies. Conversely, hypothesis four reveals a significant negative impact of larger board sizes on ROA, reflecting potential inefficiencies in asset utilization and decision-making processes. The non-significant effect on ROE suggests that while larger boards may hinder operational efficiency, their overall impact on profitability and equity returns varies, influenced by strategic oversight and resource availability.

Stakeholder theory frames these findings by emphasizing the importance of governance structures that balance stakeholder interests (Donaldson & Preston, 1995). Effective governance, inclusive of diverse perspectives and robust oversight, enhances transparency and accountability (Mallin, 2007). However, challenges such as regulatory inconsistencies and cultural factors highlight the need for tailored governance practices to navigate Nigeria's unique business environment and sustain long-term financial performance.

5.3 Recommendations

Based on the findings of the study, the following recommendations are made:

- Given the finding that board composition negatively impacts return on assets (ROA) for consumer goods companies in Nigeria, it's crucial to strategically address board composition. Start by conducting a thorough assessment of the current board's composition, including skills, industry expertise, and diversity in perspectives. This assessment should align with the company's strategic objectives and operational challenges within the consumer goods sector. Implement policies aimed at enhancing board diversity, ensuring a mix of skills that complement the company's needs and fosters innovative thinking. Regular board evaluations

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should be conducted to monitor performance and alignment with strategic goals, fostering a culture of accountability and effective decision-making. Additionally, provide continuous professional development opportunities to keep board members updated on industry trends and best governance practices. This will ensure that the company's board remains well-equipped to navigate the dynamic landscape of the consumer goods sector and drive sustainable growth.

- Given the finding that audit committee independence negatively impacts return on assets (ROA) for consumer goods companies in Nigeria consumer goods companies should review the composition and independence of the audit committee members, ensuring they possess relevant expertise and are genuinely independent from management. Implement robust oversight mechanisms and ensure active engagement in financial oversight and risk management processes. The companies should also enhance transparency in audit committee operations and decision-making to build investor confidence and mitigate potential conflicts of interest. Foster a culture of accountability and proactive risk management within the committee. Additionally, providing regular training and professional development opportunities to audit committee members to stay abreast of evolving regulatory requirements and best practices is also important. This will help ensure that the audit committee is well-equipped to fulfill its responsibilities effectively and uphold the highest standards of corporate governance.
- Although board diversity shows a positive but insignificant impact on return on assets (ROA) for consumer goods companies in Nigeria, it's crucial to actively promote and support gender diversity initiatives. The companies should ensure diverse representation at all organizational levels, particularly in decision-making roles. Implement targeted recruitment and retention

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strategies to attract and retain diverse talent. The result also recommends the fostering of an inclusive workplace culture that values and leverages diverse perspectives. They can also provide mentorship and leadership development programs to empower women in leadership roles. This will help create a more inclusive and innovative work environment, leading to higher employee morale and productivity.

- The consumer goods companies should also evaluate the current board structure and assess whether reducing the size could enhance efficiency and decision-making. They can also focus on recruiting members with diverse expertise relevant to the consumer goods sector and ensure active participation and engagement of board members in strategic discussions and oversight. Implement regular evaluations to align board composition with company goals. This will ensure that the board remains dynamic and responsive to the changing needs of the consumer goods industry.
- Lastly, based on the findings and insights from this research, the following recommendations are proposed, which is to: strengthen corporate governance framework, enhance board composition and independence, promote gender and ethnic diversity, establish robust risk management systems, empower audit committees, optimize board size, implement effective internal control mechanisms, foster continuous training and development, encourage stakeholder engagement, institutionalize performance-based incentives, enhance transparency and disclosure practices, and monitor executive actions to reduce agency costs.

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5.4 Contribution to Knowledge

The findings of this study made the important contributions to knowledge in the various ways:

Theoretical Perspective: This study contributes to the theoretical understanding of corporate governance by demonstrating the nuanced impacts of board composition, audit committee independence, gender diversity, and board size on financial performance in the context of Nigerian consumer goods companies. It highlights the importance of tailored governance frameworks that consider specific market dynamics, thereby enriching stakeholder theory by showing how different governance structures can either facilitate or hinder organizational efficiency and shareholder value creation.

Conceptual Perspective: Conceptually, this research advances the discourse on corporate governance by emphasizing the interplay between governance mechanisms and financial outcomes. It underscores the need for a holistic approach in evaluating board effectiveness, moving beyond traditional metrics to include factors like diversity and independence. The study advocates for a more integrative framework that links governance attributes directly with firm performance, providing a robust model for assessing governance effectiveness in emerging markets.

Empirical Perspective: Empirically, the study provides evidence from the Nigerian consumer goods sector, revealing the specific impacts of various corporate governance elements on financial performance. It bridges the gap in literature by offering data-driven insights into how board composition, audit committee independence, gender diversity, and board size affect return on assets (ROA) and return on equity (ROE). These findings contribute to the empirical body of knowledge by offering context-specific evidence that can inform future research and policy formulation.

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Practical Perspective: Practically, this study offers actionable insights for corporate governance practitioners in Nigeria and similar emerging markets. The findings suggest that optimizing board size, enhancing audit committee effectiveness, and promoting gender diversity can lead to improved financial outcomes. Companies should focus on recruiting board members with diverse expertise and fostering an inclusive culture that values diverse perspectives. Regular board evaluations and continuous professional development can enhance governance effectiveness. Additionally, implementing robust oversight mechanisms and ensuring active engagement of audit committees can mitigate risks and improve transparency. These practical recommendations can help firms enhance their governance practices, ultimately driving better financial performance and shareholder value.

5.5.1 Limitation of the Study

The most crucial limitation in this study was the fact that only 15 consumer goods companies that are quoted on Nigeria stock exchange were used for this study out of the entire consumer goods sector in Nigeria. More so, unavailability of some financial report made it another crucial limitation encountered in this study. For instance, the study planned to carry out investigation between 2013 to 2023, however, 2023 financial statements of most consumer goods companies were not published on any public domain making us stop at 2022. This made the study to restrict the period to 10 years starting from 2013 and ending in 2022 in order to have a general overview of financial performances happening in the Nigerian banking sector. This study could not also gather direct response from the management of the consumer goods companies so as to gather

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qualitative information that can affect financial performances other than financial metrics through corporate governance.

5.5.2 Suggestions for Further Studies

Given the limitations encountered in this study, several areas for further research can be identified to enhance understanding and provide a more comprehensive analysis of the impact of corporate governance on financial performances of consumer goods companies in Nigeria:

- Future research should include a larger sample of consumer goods companies in Nigeria, incorporating both quoted and non-quoted firms. This would provide a more comprehensive understanding of the sector and offer more generalizable results.
- With the eventual publication of the 2023 financial statements, subsequent studies should extend the analysis period beyond 2022 to include the most recent data. This would help in capturing the latest trends and their impacts on financial performance.
- Future studies should incorporate qualitative methods, such as interviews or surveys with management and board members of consumer goods companies. This approach would provide deeper insights into the non-financial aspects of corporate governance and their influence on financial performance.
- Conduct comparative studies between the consumer goods sector and other sectors within Nigeria. This would highlight whether the observed governance-performance relationships are unique to consumer goods companies or if they are prevalent across different sectors.
- Future research should consider incorporating external factors such as economic conditions, regulatory changes, and market dynamics. These factors can significantly influence the

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financial performance of companies and provide a more holistic understanding of the corporate governance-financial performance nexus.

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Appendix

Descriptive

	BC	BD	ACI	BS	ROA	ROE
Mean	9.666667	1.880000	5.820000	11.14667	0.120341	0.423943
Median	9.000000	2.000000	6.000000	11.00000	0.041346	0.094997
Maximum	17.00000	6.000000	9.000000	18.00000	2.219971	10.24215
Minimum	4.000000	0.000000	4.000000	6.000000	-0.846354	-3.723444
Std. Dev.	2.708839	1.152296	0.997110	2.936433	0.312055	1.534754
Skewness	0.322819	0.948385	0.528944	0.297396	3.439118	4.244606
Kurtosis	2.821089	4.178417	3.855769	2.060841	19.94720	24.10833
Jarque-Bera	2.805360	31.16501	11.57167	7.723733	2090.736	3235.176
Probability	0.245937	0.000000	0.003071	0.021029	0.000000	0.000000
Sum	1450.000	282.0000	873.0000	1672.000	18.05119	63.59143
Sum Sq. Dev.	1093.333	197.8400	148.1400	1284.773	14.50937	350.9651
Observations	150	150	150	150	150	150

Covariance Analysis: Ordinary
Date: 07/02/24 Time: 15:47
Sample: 2013 2022
Included observations: 150

Correlation Probability	BC	BD	ACI	BS	ROA	ROE
BC	1.000000 -----					
BD	0.141909 0.0832	1.000000 -----				
ACI	0.265871 0.0010	0.062852 0.4448	1.000000 -----			
BS	0.464680 0.0000	0.126229 0.1238	0.286432 0.0004	1.000000 -----		
ROA	-0.261343	0.038462	0.029178	-0.198420	1.000000	

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	0.0012	0.6403	0.7230	0.0149	-----	
ROE	-0.167220	0.237511	-0.045106	-0.156324	0.412892	1.000000
	0.0408	0.0034	0.5836	0.0561	0.0000	-----

Hypothesis One: BC

Fixed

Dependent Variable: ROA
Method: Panel Least Squares
Date: 07/02/24 Time: 15:51
Sample: 2013 2022
Periods included: 10
Cross-sections included: 15
Total panel (balanced) observations: 150

Variable	Coefficient	Std. Error	t-Statistic	Prob.
BC	-0.020387	0.011223	-1.816511	0.0715
C	0.317413	0.110247	2.879116	0.0046

Effects Specification

Cross-section fixed (dummy variables)

R-squared	0.467460	Mean dependent var	0.120341
Adjusted R-squared	0.407847	S.D. dependent var	0.312055
S.E. of regression	0.240131	Akaike info criterion	0.085273
Sum squared resid	7.726823	Schwarz criterion	0.406407
Log likelihood	9.604534	Hannan-Quinn criter.	0.215740
F-statistic	7.841610	Durbin-Watson stat	1.075369
Prob(F-statistic)	0.000000		

Random

Dependent Variable: ROA
Method: Panel EGLS (Cross-section random effects)
Date: 07/02/24 Time: 15:55
Sample: 2013 2022
Periods included: 10
Cross-sections included: 15

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Total panel (balanced) observations: 150
Swamy and Arora estimator of component variances

Variable	Coefficient	Std. Error	t-Statistic	Prob.
BC	-0.022962	0.010323	-2.224363	0.0276
C	0.342304	0.113531	3.015065	0.0030

Effects Specification	S.D.	Rho
Cross-section random	0.195478	0.3986
Idiosyncratic random	0.240131	0.6014

Weighted Statistics

R-squared	0.532489	Mean dependent var	0.043576
Adjusted R-squared	0.425952	S.D. dependent var	0.242767
S.E. of regression	0.239596	Sum squared resid	8.496151
F-statistic	4.969893	Durbin-Watson stat	1.986696
Prob(F-statistic)	0.027299		

Unweighted Statistics

R-squared	0.064453	Mean dependent var	0.120341
Sum squared resid	13.57419	Durbin-Watson stat	0.617578

Hausman

Correlated Random Effects - Hausman Test
Equation: Untitled
Test cross-section random effects

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	0.341823	1	0.5588

Cross-section random effects test comparisons:

Variable	Fixed	Random	Var(Diff.)	Prob.
BC	-0.020387	-0.022962	0.000019	0.5588

Cross-section random effects test equation:

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Dependent Variable: ROA
Method: Panel Least Squares
Date: 07/02/24 Time: 15:53
Sample: 2013 2022
Periods included: 10
Cross-sections included: 15
Total panel (balanced) observations: 150

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.317413	0.110247	2.879116	0.0046
BC	-0.020387	0.011223	-1.816511	0.0715

Effects Specification

Cross-section fixed (dummy variables)

R-squared	0.467460	Mean dependent var	0.120341
Adjusted R-squared	0.407847	S.D. dependent var	0.312055
S.E. of regression	0.240131	Akaike info criterion	0.085273
Sum squared resid	7.726823	Schwarz criterion	0.406407
Log likelihood	9.604534	Hannan-Quinn criter.	0.215740
F-statistic	7.841610	Durbin-Watson stat	1.075369
Prob(F-statistic)	0.000000		

ROE

Fixed Effect

Dependent Variable: ROE
Method: Panel Least Squares
Date: 07/02/24 Time: 16:25
Sample: 2013 2022
Periods included: 10
Cross-sections included: 15
Total panel (balanced) observations: 150

Variable	Coefficient	Std. Error	t-Statistic	Prob.
BC	0.064500	0.059054	1.092218	0.0467
C	-0.199561	0.580108	-0.344006	0.7314

Effects Specification

Cross-section fixed (dummy variables)

R-squared	0.390432	Mean dependent var	0.423943
Adjusted R-squared	0.322197	S.D. dependent var	1.534754

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S.E. of regression	1.263545	Akaike info criterion	3.406258
Sum squared resid	213.9372	Schwarz criterion	3.727392
Log likelihood	-239.4693	Hannan-Quinn criter.	3.536724
F-statistic	5.721849	Durbin-Watson stat	2.070627
Prob(F-statistic)	0.000000		

Random

Dependent Variable: ROE
Method: Panel EGLS (Cross-section random effects)
Date: 07/02/24 Time: 16:26
Sample: 2013 2022
Periods included: 10
Cross-sections included: 15
Total panel (balanced) observations: 150
Swamy and Arora estimator of component variances

Variable	Coefficient	Std. Error	t-Statistic	Prob.
BC	0.006485	0.052430	0.123686	0.9017
C	0.361256	0.558448	0.646892	0.5187

Effects Specification	S.D.	Rho
Cross-section random	0.815653	0.2941
Idiosyncratic random	1.263545	0.7059

Weighted Statistics

R-squared	0.000101	Mean dependent var	0.186503
Adjusted R-squared	-0.006655	S.D. dependent var	1.274407
S.E. of regression	1.278640	Sum squared resid	241.9683
F-statistic	0.014939	Durbin-Watson stat	0.939575
Prob(F-statistic)	0.902886		

Unweighted Statistics

R-squared	-0.003959	Mean dependent var	0.423943
Sum squared resid	352.3546	Durbin-Watson stat	0.645223

Correlated Random Effects - Hausman Test
Equation: Untitled
Test cross-section random effects

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Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	4.557343	1	0.0328

Cross-section random effects test comparisons:

Variable	Fixed	Random	Var(Diff.)	Prob.
BC	0.064500	0.006485	0.000739	0.0328

Cross-section random effects test equation:
Dependent Variable: ROE
Method: Panel Least Squares
Date: 07/02/24 Time: 16:27
Sample: 2013 2022
Periods included: 10
Cross-sections included: 15
Total panel (balanced) observations: 150

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.199561	0.580108	-0.344006	0.7314
BC	0.064500	0.059054	1.092218	0.0467

Effects Specification

Cross-section fixed (dummy variables)

R-squared	0.390432	Mean dependent var	0.423943
Adjusted R-squared	0.322197	S.D. dependent var	1.534754
S.E. of regression	1.263545	Akaike info criterion	3.406258
Sum squared resid	213.9372	Schwarz criterion	3.727392
Log likelihood	-239.4693	Hannan-Quinn criter.	3.536724
F-statistic	5.721849	Durbin-Watson stat	2.070627
Prob(F-statistic)	0.000000		

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Hypothesis Two: Audit Committee Independence

Fixed Effect

Dependent Variable: ROA
Method: Panel Least Squares
Date: 07/02/24 Time: 15:57
Sample: 2013 2022
Periods included: 10
Cross-sections included: 15
Total panel (balanced) observations: 150

Variable	Coefficient	Std. Error	t-Statistic	Prob.
ACI	-0.038952	0.028113	-1.385560	0.1682
C	0.347044	0.164800	2.105844	0.0371

Effects Specification

Cross-section fixed (dummy variables)

R-squared	0.462053	Mean dependent var	0.120341
Adjusted R-squared	0.401835	S.D. dependent var	0.312055
S.E. of regression	0.241347	Akaike info criterion	0.095374
Sum squared resid	7.805270	Schwarz criterion	0.416509
Log likelihood	8.846930	Hannan-Quinn criter.	0.225841
F-statistic	7.673013	Durbin-Watson stat	1.033675
Prob(F-statistic)	0.000000		

Random Effect

Dependent Variable: ROA
Method: Panel EGLS (Cross-section random effects)
Date: 07/02/24 Time: 15:58
Sample: 2013 2022
Periods included: 10
Cross-sections included: 15
Total panel (balanced) observations: 150
Swamy and Arora estimator of component variances

Variable	Coefficient	Std. Error	t-Statistic	Prob.
ACI	-0.028670	0.026560	-1.079445	0.2821
C	0.287199	0.164778	1.742942	0.0834

Effects Specification

	S.D.	Rho

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Cross-section random		0.207465	0.4249
Idiosyncratic random		0.241347	0.5751

Weighted Statistics

R-squared	0.507799	Mean dependent var	0.041548
Adjusted R-squared	0.401095	S.D. dependent var	0.241679
S.E. of regression	0.241546	Sum squared resid	8.635014
F-statistic	1.163277	Durbin-Watson stat	1.930726
Prob(F-statistic)	0.282542		

Unweighted Statistics

R-squared	0.013738	Mean dependent var	0.120341
Sum squared resid	14.70870	Durbin-Watson stat	0.546400

Hausman Test

Correlated Random Effects - Hausman Test
Equation: Untitled
Test cross-section random effects

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	1.244957	1	0.2645

Cross-section random effects test comparisons:

Variable	Fixed	Random	Var(Diff.)	Prob.
ACI	-0.038952	-0.028670	0.000085	0.2645

Cross-section random effects test equation:
Dependent Variable: ROA
Method: Panel Least Squares
Date: 07/02/24 Time: 15:59
Sample: 2013 2022
Periods included: 10
Cross-sections included: 15
Total panel (balanced) observations: 150

Variable	Coefficient	Std. Error	t-Statistic	Prob.

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C	0.347044	0.164800	2.105844	0.0371
ACI	-0.038952	0.028113	-1.385560	0.1682

Effects Specification

Cross-section fixed (dummy variables)

R-squared	0.462053	Mean dependent var	0.120341
Adjusted R-squared	0.401835	S.D. dependent var	0.312055
S.E. of regression	0.241347	Akaike info criterion	0.095374
Sum squared resid	7.805270	Schwarz criterion	0.416509
Log likelihood	8.846930	Hannan-Quinn criter.	0.225841
F-statistic	7.673013	Durbin-Watson stat	1.033675
Prob(F-statistic)	0.000000		

ROE

Fixed Effect

Dependent Variable: ROE
Method: Panel Least Squares
Date: 07/02/24 Time: 16:23
Sample: 2013 2022
Periods included: 10
Cross-sections included: 15
Total panel (balanced) observations: 150

Variable	Coefficient	Std. Error	t-Statistic	Prob.
ACI	-0.161897	0.147173	-1.100044	0.2733
C	1.366185	0.862739	1.583543	0.1157

Effects Specification

Cross-section fixed (dummy variables)

R-squared	0.390509	Mean dependent var	0.423943
Adjusted R-squared	0.322283	S.D. dependent var	1.534754
S.E. of regression	1.263465	Akaike info criterion	3.406131
Sum squared resid	213.9101	Schwarz criterion	3.727265
Log likelihood	-239.4598	Hannan-Quinn criter.	3.536597
F-statistic	5.723708	Durbin-Watson stat	1.086234
Prob(F-statistic)	0.000000		

Random Effect

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Dependent Variable: ROE
Method: Panel EGLS (Cross-section random effects)
Date: 07/02/24 Time: 16:24
Sample: 2013 2022
Periods included: 10
Cross-sections included: 15
Total panel (balanced) observations: 150
Swamy and Arora estimator of component variances

Variable	Coefficient	Std. Error	t-Statistic	Prob.
ACI	-0.137179	0.136933	-1.001799	0.3181
C	1.222325	0.839287	1.456385	0.1474

Effects Specification	S.D.	Rho
Cross-section random	0.937814	0.3552
Idiosyncratic random	1.263465	0.6448

Weighted Statistics

R-squared	0.406771	Mean dependent var	0.166163
Adjusted R-squared	0.300060	S.D. dependent var	1.260126
S.E. of regression	1.260088	Sum squared resid	234.9978
F-statistic	1.008987	Durbin-Watson stat	1.983750
Prob(F-statistic)	0.316785		

Unweighted Statistics

R-squared	0.000097	Mean dependent var	0.423943
Sum squared resid	350.9311	Durbin-Watson stat	0.658759

Hausman

Correlated Random Effects - Hausman Test
Equation: Untitled
Test cross-section random effects

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	0.210001	1	0.6468

Cross-section random effects test comparisons:

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Variable	Fixed	Random	Var(Diff.)	Prob.
ACI	-0.161897	-0.137179	0.002909	0.6468

Cross-section random effects test equation:
Dependent Variable: ROE
Method: Panel Least Squares
Date: 07/02/24 Time: 16:24
Sample: 2013 2022
Periods included: 10
Cross-sections included: 15
Total panel (balanced) observations: 150

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1.366185	0.862739	1.583543	0.1157
ACI	-0.161897	0.147173	-1.100044	0.2733

Effects Specification

Cross-section fixed (dummy variables)

R-squared	0.390509	Mean dependent var	0.423943
Adjusted R-squared	0.322283	S.D. dependent var	1.534754
S.E. of regression	1.263465	Akaike info criterion	3.406131
Sum squared resid	213.9101	Schwarz criterion	3.727265
Log likelihood	-239.4598	Hannan-Quinn criter.	3.536597
F-statistic	5.723708	Durbin-Watson stat	1.086234
Prob(F-statistic)	0.000000		

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Hypothesis Three: Board Diversity

Fixed

Dependent Variable: ROA
Method: Panel Least Squares
Date: 07/02/24 Time: 15:59
Sample: 2013 2022
Periods included: 10
Cross-sections included: 15
Total panel (balanced) observations: 150

Variable	Coefficient	Std. Error	t-Statistic	Prob.
BD	-0.032814	0.022158	-1.480914	0.1410
C	0.182032	0.046074	3.950825	0.0001

Effects Specification

Cross-section fixed (dummy variables)

R-squared	0.463133	Mean dependent var	0.120341
Adjusted R-squared	0.403036	S.D. dependent var	0.312055
S.E. of regression	0.241105	Akaike info criterion	0.093365
Sum squared resid	7.789606	Schwarz criterion	0.414500
Log likelihood	8.997600	Hannan-Quinn criter.	0.223832
F-statistic	7.706408	Durbin-Watson stat	1.073200
Prob(F-statistic)	0.000000		

Random

Dependent Variable: ROA
Method: Panel EGLS (Cross-section random effects)
Date: 07/02/24 Time: 16:00
Sample: 2013 2022
Periods included: 10
Cross-sections included: 15
Total panel (balanced) observations: 150
Swamy and Arora estimator of component variances

Variable	Coefficient	Std. Error	t-Statistic	Prob.
BD	0.024610	0.021297	1.155582	0.2497
C	0.166609	0.068960	2.416017	0.0169

Effects Specification

	S.D.	Rho
Cross-section random	0.203650	0.4164
Idiosyncratic random	0.241105	0.5836

Weighted Statistics

R-squared	0.378895	Mean dependent var	0.042194
Adjusted R-squared	0.302198	S.D. dependent var	0.242020
S.E. of regression	0.241754	Sum squared resid	8.649885
F-statistic	1.328200	Durbin-Watson stat	1.955417
Prob(F-statistic)	0.250984		

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Unweighted Statistics			
R-squared	-0.015249	Mean dependent var	0.120341
Sum squared resid	14.73062	Durbin-Watson stat	0.561025

Hausman Test

Correlated Random Effects - Hausman Test
Equation: Untitled
Test cross-section random effects

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	1.798884	1	0.1798

Cross-section random effects test comparisons:

Variable	Fixed	Random	Var(Diff.)	Prob.
BD	-0.032814	-0.024610	0.000037	0.1798

Cross-section random effects test equation:
Dependent Variable: ROA
Method: Panel Least Squares
Date: 07/02/24 Time: 16:01
Sample: 2013 2022
Periods included: 10
Cross-sections included: 15
Total panel (balanced) observations: 150

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.182032	0.046074	3.950825	0.0001
BD	-0.032814	0.022158	-1.480914	0.1410

Effects Specification			
Cross-section fixed (dummy variables)			
R-squared	0.463133	Mean dependent var	0.120341
Adjusted R-squared	0.403036	S.D. dependent var	0.312055
S.E. of regression	0.241105	Akaike info criterion	0.093365
Sum squared resid	7.789606	Schwarz criterion	0.414500

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Log likelihood	8.997600	Hannan-Quinn criter.	0.223832
F-statistic	7.706408	Durbin-Watson stat	1.073200
Prob(F-statistic)	0.000000		

ROE

Fixed Effect

Dependent Variable: ROE
Method: Panel Least Squares
Date: 07/02/24 Time: 16:12
Sample: 2013 2022
Periods included: 10
Cross-sections included: 15
Total panel (balanced) observations: 150

Variable	Coefficient	Std. Error	t-Statistic	Prob.
BD	0.152572	0.115891	1.316519	0.1902
C	0.137107	0.240978	0.568959	0.5703

Effects Specification

Cross-section fixed (dummy variables)

R-squared	0.392858	Mean dependent var	0.423943
Adjusted R-squared	0.324894	S.D. dependent var	1.534754
S.E. of regression	1.261028	Akaike info criterion	3.402269
Sum squared resid	213.0856	Schwarz criterion	3.723404
Log likelihood	-239.1702	Hannan-Quinn criter.	3.532736
F-statistic	5.780416	Durbin-Watson stat	1.033712
Prob(F-statistic)	0.000000		

Random Effect

Dependent Variable: ROE
Method: Panel EGLS (Cross-section random effects)
Date: 07/02/24 Time: 16:12
Sample: 2013 2022
Periods included: 10
Cross-sections included: 15
Total panel (balanced) observations: 150
Swamy and Arora estimator of component variances

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Variable	Coefficient	Std. Error	t-Statistic	Prob.
BD	0.198178	0.109219	1.814495	0.0416
C	0.051368	0.314102	0.163539	0.8703

Effects Specification	S.D.	Rho
Cross-section random	0.829736	0.3021
Idiosyncratic random	1.261028	0.6979

Weighted Statistics			
R-squared	0.021707	Mean dependent var	0.183640
Adjusted R-squared	0.015096	S.D. dependent var	1.272307
S.E. of regression	1.262667	Sum squared resid	235.9604
F-statistic	3.283850	Durbin-Watson stat	1.929807
Prob(F-statistic)	0.041992		

Unweighted Statistics			
R-squared	0.048540	Mean dependent var	0.423943
Sum squared resid	333.9292	Durbin-Watson stat	0.657018

Hausman Test

Correlated Random Effects - Hausman Test
Equation: Untitled
Test cross-section random effects

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	1.384945	1	0.2393

Cross-section random effects test comparisons:

Variable	Fixed	Random	Var(Diff.)	Prob.
BD	0.152572	0.198178	0.001502	0.2393

Cross-section random effects test equation:
Dependent Variable: ROE
Method: Panel Least Squares
Date: 07/02/24 Time: 16:13

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Sample: 2013 2022
Periods included: 10
Cross-sections included: 15
Total panel (balanced) observations: 150

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.137107	0.240978	0.568959	0.5703
BD	0.152572	0.115891	1.316519	0.1902

Effects Specification

Cross-section fixed (dummy variables)

R-squared	0.392858	Mean dependent var	0.423943
Adjusted R-squared	0.324894	S.D. dependent var	1.534754
S.E. of regression	1.261028	Akaike info criterion	3.402269
Sum squared resid	213.0856	Schwarz criterion	3.723404
Log likelihood	-239.1702	Hannan-Quinn criter.	3.532736
F-statistic	5.780416	Durbin-Watson stat	1.033712
Prob(F-statistic)	0.000000		

Hypothesis Four: BS

ROA: Fixed Effect

Dependent Variable: ROA
Method: Panel Least Squares
Date: 07/02/24 Time: 16:02
Sample: 2013 2022
Periods included: 10
Cross-sections included: 15
Total panel (balanced) observations: 150

Variable	Coefficient	Std. Error	t-Statistic	Prob.
BS	-0.015319	0.011415	-1.341964	0.1819
C	0.291095	0.128760	2.260760	0.0254

Effects Specification

Cross-section fixed (dummy variables)

R-squared	0.461582	Mean dependent var	0.120341
Adjusted R-squared	0.401311	S.D. dependent var	0.312055
S.E. of regression	0.241452	Akaike info criterion	0.096250
Sum squared resid	7.812105	Schwarz criterion	0.417384
Log likelihood	8.781287	Hannan-Quinn criter.	0.226716

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F-statistic	7.658485	Durbin-Watson stat	1.049956
Prob(F-statistic)	0.000000		

Random

Dependent Variable: ROA
Method: Panel EGLS (Cross-section random effects)
Date: 07/02/24 Time: 16:02
Sample: 2013 2022
Periods included: 10
Cross-sections included: 15
Total panel (balanced) observations: 150
Swamy and Arora estimator of component variances

Variable	Coefficient	Std. Error	t-Statistic	Prob.
BS	-0.016988	0.010283	-1.652061	0.1006
C	0.309696	0.127542	2.428189	0.0164

Effects Specification	S.D.	Rho
Cross-section random	0.202775	0.4136
Idiosyncratic random	0.241452	0.5864

Weighted Statistics

R-squared	0.018214	Mean dependent var	0.042407
Adjusted R-squared	0.011581	S.D. dependent var	0.242134
S.E. of regression	0.240728	Sum squared resid	8.576602
F-statistic	2.745756	Durbin-Watson stat	0.960375
Prob(F-statistic)	0.099631		

Unweighted Statistics

R-squared	0.037883	Mean dependent var	0.120341
Sum squared resid	13.95971	Durbin-Watson stat	0.590037

Hausman Test

Correlated Random Effects - Hausman Test
Equation: Untitled
Test cross-section random effects

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Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	0.113319	1	0.7364

Cross-section random effects test comparisons:

Variable	Fixed	Random	Var(Diff.)	Prob.
BS	-0.015319	-0.016988	0.000025	0.7364

Cross-section random effects test equation:
Dependent Variable: ROA
Method: Panel Least Squares
Date: 07/02/24 Time: 16:03
Sample: 2013 2022
Periods included: 10
Cross-sections included: 15
Total panel (balanced) observations: 150

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.291095	0.128760	2.260760	0.0254
BS	-0.015319	0.011415	-1.341964	0.1819

Effects Specification

Cross-section fixed (dummy variables)

R-squared	0.461582	Mean dependent var	0.120341
Adjusted R-squared	0.401311	S.D. dependent var	0.312055
S.E. of regression	0.241452	Akaike info criterion	0.096250
Sum squared resid	7.812105	Schwarz criterion	0.417384
Log likelihood	8.781287	Hannan-Quinn criter.	0.226716
F-statistic	7.658485	Durbin-Watson stat	1.049956
Prob(F-statistic)	0.000000		

ROE Model

Fixed

Dependent Variable: ROE
Method: Panel Least Squares
Date: 07/02/24 Time: 16:10
Sample: 2013 2022
Periods included: 10

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Cross-sections included: 15
Total panel (balanced) observations: 150

Variable	Coefficient	Std. Error	t-Statistic	Prob.
BS	0.039656	0.059904	0.661982	0.5091
C	-0.018085	0.675701	-0.026765	0.9787

Effects Specification

Cross-section fixed (dummy variables)

R-squared	0.387010	Mean dependent var	0.423943
Adjusted R-squared	0.318391	S.D. dependent var	1.534754
S.E. of regression	1.267087	Akaike info criterion	3.411856
Sum squared resid	215.1382	Schwarz criterion	3.732990
Log likelihood	-239.8892	Hannan-Quinn criter.	3.542323
F-statistic	5.640036	Durbin-Watson stat	1.058431
Prob(F-statistic)	0.000000		

Random

Dependent Variable: ROE
Method: Panel EGLS (Cross-section random effects)
Date: 07/02/24 Time: 16:10
Sample: 2013 2022
Periods included: 10
Cross-sections included: 15
Total panel (balanced) observations: 150
Swamy and Arora estimator of component variances

Variable	Coefficient	Std. Error	t-Statistic	Prob.
BS	-0.006910	0.051876	-0.133208	0.8942
C	0.500969	0.628041	0.797670	0.4263

Effects Specification

	S.D.	Rho
Cross-section random	0.860540	0.3157
Idiosyncratic random	1.267087	0.6843

Weighted Statistics

R-squared	0.000119	Mean dependent var	0.178950
Adjusted R-squared	-0.006637	S.D. dependent var	1.268931
S.E. of regression	1.273135	Sum squared resid	239.8891

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F-statistic	0.017576	Durbin-Watson stat	0.949200
Prob(F-statistic)	0.894709		

Unweighted Statistics			
R-squared	0.003959	Mean dependent var	0.423943
Sum squared resid	349.5757	Durbin-Watson stat	0.651368

Hausman

Correlated Random Effects - Hausman Test
Equation: Untitled
Test cross-section random effects

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	2.416201	1	0.1201

Cross-section random effects test comparisons:

Variable	Fixed	Random	Var(Diff.)	Prob.
BS	0.039656	-0.006910	0.000897	0.1201

Cross-section random effects test equation:
Dependent Variable: ROE
Method: Panel Least Squares
Date: 07/02/24 Time: 16:11
Sample: 2013 2022
Periods included: 10
Cross-sections included: 15
Total panel (balanced) observations: 150

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.018085	0.675701	-0.026765	0.9787
BS	0.039656	0.059904	0.661982	0.5091

Effects Specification			
Cross-section fixed (dummy variables)			
R-squared	0.387010	Mean dependent var	0.423943
Adjusted R-squared	0.318391	S.D. dependent var	1.534754

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S.E. of regression	1.267087	Akaike info criterion	3.411856
Sum squared resid	215.1382	Schwarz criterion	3.732990
Log likelihood	-239.8892	Hannan-Quinn criter.	3.542323
F-statistic	5.640036	Durbin-Watson stat	1.058431
Prob(F-statistic)	0.000000		

Hypothesis Five: Corporate Governance

Dependent Variable: ROA
Method: Panel Least Squares
Date: 07/02/24 Time: 16:04
Sample: 2013 2022
Periods included: 10
Cross-sections included: 15
Total panel (balanced) observations: 150

Variable	Coefficient	Std. Error	t-Statistic	Prob.
ACI	-0.031239	0.028474	-1.097094	0.2746
BC	-0.057846	0.038453	-1.504350	0.1349
BS	0.046119	0.038372	1.201885	0.2316
BD	-0.023213	0.023467	-0.989155	0.3244
C	0.390899	0.203816	1.917904	0.0573

Effects Specification

Cross-section fixed (dummy variables)

R-squared	0.482167	Mean dependent var	0.120341
Adjusted R-squared	0.411014	S.D. dependent var	0.312055
S.E. of regression	0.239488	Akaike info criterion	0.097267
Sum squared resid	7.513428	Schwarz criterion	0.478614
Log likelihood	11.70498	Hannan-Quinn criter.	0.252196
F-statistic	6.776520	Durbin-Watson stat	1.148213
Prob(F-statistic)	0.000000		

Random Effect

Dependent Variable: ROA
Method: Panel EGLS (Cross-section random effects)
Date: 07/02/24 Time: 16:05
Sample: 2013 2022
Periods included: 10
Cross-sections included: 15

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Total panel (balanced) observations: 150
Swamy and Arora estimator of component variances

Variable	Coefficient	Std. Error	t-Statistic	Prob.
ACI	-0.016752	0.026722	-0.626916	0.5317
BC	0.072518	0.035868	2.021778	0.0450
BS	0.053728	0.034950	1.537277	0.1264
BD	0.010408	0.022079	3.471407	0.0381
C	0.339519	0.188711	1.799143	0.0741

Effects Specification		
	S.D.	Rho
Cross-section random	0.191183	0.3892
Idiosyncratic random	0.239488	0.6108

Weighted Statistics			
R-squared	0.452615	Mean dependent var	0.044320
Adjusted R-squared	0.326480	S.D. dependent var	0.243178
S.E. of regression	0.239937	Sum squared resid	8.347624
F-statistic	6.013211	Durbin-Watson stat	1.740066
Prob(F-statistic)	0.015661		

Unweighted Statistics			
R-squared	0.075501	Mean dependent var	0.120341
Sum squared resid	13.41389	Durbin-Watson stat	0.647245

Hausman Test

Correlated Random Effects - Hausman Test
Equation: Untitled
Test cross-section random effects

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	4.544586	4	0.3373

Cross-section random effects test comparisons:

Variable	Fixed	Random	Var(Diff.)	Prob.
ACI	-0.031239	-0.016752	0.000097	0.1408

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BC	-0.057846	0.072518	0.000192	0.2898
BS	0.046119	0.053728	0.000251	0.6309
BD	-0.023213	0.010408	0.000063	0.1074

Cross-section random effects test equation:
Dependent Variable: ROA
Method: Panel Least Squares
Date: 07/02/24 Time: 16:06
Sample: 2013 2022
Periods included: 10
Cross-sections included: 15
Total panel (balanced) observations: 150

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.390899	0.203816	1.917904	0.0573
ACI	-0.031239	0.028474	-1.097094	0.2746
BC	-0.057846	0.038453	-1.504350	0.1349
BS	0.046119	0.038372	1.201885	0.2316
BD	-0.023213	0.023467	-0.989155	0.3244

Effects Specification

Cross-section fixed (dummy variables)

R-squared	0.482167	Mean dependent var	0.120341
Adjusted R-squared	0.411014	S.D. dependent var	0.312055
S.E. of regression	0.239488	Akaike info criterion	0.097267
Sum squared resid	7.513428	Schwarz criterion	0.478614
Log likelihood	11.70498	Hannan-Quinn criter.	0.252196
F-statistic	6.776520	Durbin-Watson stat	1.148213
Prob(F-statistic)	0.000000		

ROE Model

Fixed Effect Model

Dependent Variable: ROE
Method: Panel Least Squares
Date: 07/02/24 Time: 16:07
Sample: 2013 2022
Periods included: 10
Cross-sections included: 15
Total panel (balanced) observations: 150

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Variable	Coefficient	Std. Error	t-Statistic	Prob.
ACI	-0.197894	0.149469	-1.323979	0.1878
BC	0.317510	0.201848	2.573016	0.0181
BS	-0.272981	0.201425	-1.355245	0.1777
BD	0.106078	0.123187	2.861113	0.0407
C	1.349822	1.069886	1.261650	0.2093

Effects Specification

Cross-section fixed (dummy variables)

R-squared	0.410107	Mean dependent var	0.423943
Adjusted R-squared	0.329053	S.D. dependent var	1.534754
S.E. of regression	1.257138	Akaike info criterion	3.413448
Sum squared resid	207.0320	Schwarz criterion	3.794796
Log likelihood	-237.0086	Hannan-Quinn criter.	3.568378
F-statistic	5.059670	Durbin-Watson stat	1.629303
Prob(F-statistic)	0.000000		

Random

Dependent Variable: ROE
Method: Panel EGLS (Cross-section random effects)
Date: 07/02/24 Time: 16:07
Sample: 2013 2022
Periods included: 10
Cross-sections included: 15
Total panel (balanced) observations: 150
Swamy and Arora estimator of component variances

Variable	Coefficient	Std. Error	t-Statistic	Prob.
ACI	-0.120761	0.135487	-0.891314	0.3742
BC	0.146811	0.181554	0.808635	0.4200
BS	-0.165949	0.175090	-0.947789	0.3448
BD	0.210257	0.112117	1.875332	0.0628
C	1.162092	0.924105	1.257532	0.2106

Effects Specification

	S.D.	Rho
Cross-section random	0.747256	0.2611
Idiosyncratic random	1.257138	0.7389

Weighted Statistics

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R-squared	0.035955	Mean dependent var	0.199115
Adjusted R-squared	0.009360	S.D. dependent var	1.283998
S.E. of regression	1.277975	Sum squared resid	236.8168
F-statistic	1.351966	Durbin-Watson stat	0.942950
Prob(F-statistic)	0.253616		

Unweighted Statistics

R-squared	0.053517	Mean dependent var	0.423943
Sum squared resid	332.1824	Durbin-Watson stat	0.672240

Hausman

Correlated Random Effects - Hausman Test
Equation: Untitled
Test cross-section random effects

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	8.846431	4	0.0451

Cross-section random effects test comparisons:

Variable	Fixed	Random	Var(Diff.)	Prob.
ACI	-0.197894	-0.120761	0.003984	0.2217
BC	0.317510	0.146811	0.007781	0.0530
BS	-0.272981	-0.165949	0.009916	0.2824
BD	0.106078	0.210257	0.002605	0.0412

Cross-section random effects test equation:
Dependent Variable: ROE
Method: Panel Least Squares
Date: 07/02/24 Time: 16:08
Sample: 2013 2022
Periods included: 10
Cross-sections included: 15
Total panel (balanced) observations: 150

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1.349822	1.069886	1.261650	0.2093
ACI	-0.197894	0.149469	-1.323979	0.1878

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BC	0.317510	0.201848	1.573016	0.1181
BS	-0.272981	0.201425	-1.355245	0.1777
BD	0.106078	0.123187	0.861113	0.3907

Effects Specification

Cross-section fixed (dummy variables)

R-squared	0.410107	Mean dependent var	0.423943
Adjusted R-squared	0.329053	S.D. dependent var	1.534754
S.E. of regression	1.257138	Akaike info criterion	3.413448
Sum squared resid	207.0320	Schwarz criterion	3.794796
Log likelihood	-237.0086	Hannan-Quinn criter.	3.568378
F-statistic	5.059670	Durbin-Watson stat	1.129303
Prob(F-statistic)	0.000000		

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Companies	Years	Code	ACI	NED	BD	BS	BC	ROA	ROE
Guinness	2013	1	6	0	3	13	11	-0.028838	-0.046932
	2014	1	6	0	2	14	11	-0.012129	-0.028255
	2015	1	6	0	2	15	13	-0.024259	-0.068022
	2016	1	6	9	2	14	11	-0.047727	-0.121522
	2017	1	7	9	2	14	11	-0.016147	-0.035787
	2018	1	6	9	2	15	11	-0.03552	-0.059389
	2019	1	7	11	3	15	12	-0.061758	-0.108688
	2020	1	5	11	2	13	10	-0.030798	-0.050482
	2021	1	6	11	3	13	12	-0.046303	-0.090513
	2022	1	6	11	4	13	9	-0.846354	-2.185589
Cadbury	2013	2	6	5	2	7	6	0.1408681	0.2474454
	2014	2	6	6	2	9	8	0.0868986	0.196374
	2015	2	6	4	2	8	7	0.0405847	0.093876
	2016	2	7	2	6	9	8	-0.010433	-0.026807
	2017	2	6	5	2	9	8	0.0105547	0.0255474
	2018	2	6	4	2	8	7	0.0298999	0.0649318
	2019	2	6	5	2	8	7	0.0371796	0.0789346
	2020	2	6	6	4	10	9	0.028058	0.0687719
	2021	2	5	6	4	9	8	0.0102937	0.0329789
	2022	2	5	4	4	8	7	0.0097651	0.0438343
Beta Glass	2013	3	6	8	0	9	8	0.0542424	0.1071444
	2014	3	6	8	0	9	8	0.0887622	0.1498292
	2015	3	5	8	0	9	8	0.0732811	0.113273
	2016	3	6	0	0	9	8	0.1144717	0.176922
	2017	3	7	0	2	11	10	0.1077217	0.1636557
	2018	3	6	0	2	11	10	0.1096538	0.170544
	2019	3	6	0	2	8	7	0.1071463	0.161474
	2020	3	6	6	2	8	7	0.0642409	0.0932158
	2021	3	5	7	3	9	8	0.0864754	0.1295515
	2022	3	5	7	3	9	8	0.0616956	0.1012777
Flour Mill	2013	4	5	0	0	13	11	0.0349551	0.0845139
	2014	4	7	0	0	14	11	0.0198473	0.0441597
	2015	4	6	4	2	15	11	0.0366015	0.0876792
	2016	4	6	4	2	14	12	0.0618109	0.1438516
	2017	4	5	0	1	15	12	0.0256924	0.0817026
	2018	4	6	0	1	13	11	0.027795	0.061043
	2019	4	7	0	1	14	12	0.0615098	0.1390467
	2020	4	8	5	1	14	12	0.0400378	0.0859953
	2021	4	7	4	1	16	14	0.0530405	0.1261736
	2022	4	7	0	3	16	15	0.0447478	0.1249246

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Champ Brew	2013	5	4	0	0	10	9	-0.145027	-0.255705
	2014	5	4	0	1	12	11	-0.098585	-0.135245
	2015	5	4	0	1	8	7	0.0117611	0.013287
	2016	5	4	0	0	10	10	0.0706398	0.0715986
	2017	5	4	0	1	10	10	0.0572727	0.0595664
	2018	5	4	0	2	11	10	-0.019573	-0.020799
	2019	5	5	2	2	8	7	0.0111367	0.0119854
	2020	5	4	2	2	10	9	0.0011712	0.0013503
	2021	5	5	0	1	9	8	0.1218247	0.1324207
	2022	5	5	1	1	9	8	0.124932	0.140743
Golden Guinea	2013	6	5	0	1	12	11	-0.028838	-0.046932
	2014	6	5	0	1	11	9	-0.012129	-0.028255
	2015	6	5	0	1	11	9	-0.024259	-0.068022
	2016	6	5	0	1	12	11	-0.047727	-0.121522
	2017	6	5	0	1	12	11	-0.016147	-0.035787
	2018	6	5	0	1	12	11	-0.03552	-0.059389
	2019	6	5	0	1	12	11	-0.061758	-0.108688
	2020	6	5	0	1	12	11	-0.030798	-0.050482
	2021	6	5	8	1	11	9	-0.046303	-0.090513
	2022	6	5	8	1	11	9	-0.098275	-0.249723
Honeywell	2013	7	6	0	1	9	8	0.0512924	0.153264
	2014	7	6	4	0	12	10	0.0525073	0.1626558
	2015	7	5	3	2	12	10	0.0164882	0.0551426
	2016	7	7	4	2	15	14	-0.039763	-0.184803
	2017	7	6	4	2	15	14	0.0380459	0.0822582
	2018	7	9	4	2	15	14	0.0354626	0.0785041
	2019	7	5	4	1	9	8	0.0002597	0.0006303
	2020	7	6	3	1	10	9	0.0045022	0.0112052
	2021	7	6	8	2	10	9	0.0076384	0.0194219
	2022	7	6	8	2	17	15	-0.006564	-0.017434
UAC	2013	8	6	0	1	8	7	0.0001259	0.0001542
	2014	8	6	0	1	8	7	0.0001198	0.0001479
	2015	8	6	5	1	8	7	-1.37E-05	-1.75E-05
	2016	8	6	5	1	8	7	6.207E-05	8.209E-05
	2017	8	6	6	3	11	10	-3E-05	-4.11E-05
	2018	8	6	6	3	13	12	7.359E-05	8.993E-05
	2019	8	6	6	1	11	10	3.029E-05	3.731E-05
	2020	8	6	6	1	9	8	5.024E-05	6.309E-05
	2021	8	6	6	1	9	8	5.71E-05	7.373E-05

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	2022	8	6	6	1	8	7	-2.93E-05	-3.81E-05
Nig Flour	2013	9	6	0	2	13	11	0.8471343	1.9116202
	2014	9	6	0	2	13	11	0.4018787	0.7400497
	2015	9	6	0	2	15	11	1.3808589	2.2612571
	2016	9	6	0	2	14	11	2.2199711	3.0874592
	2017	9	8	0	1	15	13	0.4533499	1.5863302
	2018	9	7	0	1	15	13	-0.010306	-0.051937
	2019	9	8	0	1	14	12	-0.006348	-0.027545
	2020	9	8	0	1	14	12	0.0076113	0.0233424
	2021	9	7	0	2	16	13	0.0094931	0.0250806
	2022	9	8	0	3	15	13	0.0060584	0.0282602
Internal Brew	2013	10	8	0	1	10	9	0.1010273	0.2481129
	2014	10	8	0	1	10	9	0.0863953	0.1868247
	2015	10	8	0	1	10	9	0.064514	0.1599645
	2016	10	9	9	2	15	14	0.0792288	0.1895173
	2017	10	6	0	2	13	11	0.0230048	0.0745281
	2018	10	6	0	4	18	17	-0.012461	-0.10996
	2019	10	6	7	3	11	10	-0.076108	-3.723444
	2020	10	6	8	3	14	13	-0.043157	-0.10599
	2021	10	6	8	3	13	12	-0.037571	-0.130495
	2022	10	6	9	2	16	15	-0.044659	-0.18432
Nig Brew	2013	11	5	6	1	13	11	0.17044	8.5984499
	2014	11	5	9	2	17	15	0.1215987	0.6936021
	2015	11	5	9	2	17	15	0.10376	0.2209183
	2016	11	6	8	2	15	14	0.0772407	0.1712653
	2017	11	6	0	2	13	11	0.0862477	0.1852883
	2018	11	5	11	3	17	16	0.049999	0.1166434
	2019	11	7	8	3	11	9	0.0421065	0.0961177
	2020	11	6	7	3	10	9	0.0149025	0.0457234
	2021	11	5	8	4	12	9	0.0262555	0.0736146
	2022	11	5	11	5	14	13	0.0212238	0.0729037
Nestle	2013	12	7	0	1	12	10	0.2057	0.5483037
	2014	12	6	4	2	9	8	0.2096474	0.618694
	2015	12	6	4	2	8	7	0.1991089	0.6245358
	2016	12	7	5	1	10	9	0.0467313	0.2566536
	2017	12	6	4	1	8	7	0.2297192	0.7514506
	2018	12	6	5	1	8	7	0.1640284	0.5302112
	2019	12	7	5	2	8	7	0.1468836	0.6234636
	2020	12	6	5	1	8	7	0.0116601	0.0979807
	2021	12	6	5	2	9	8	0.0113404	0.1645705

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	2022	12	5	5	2	10	9	0.0117977	0.1616491
Nascon	2013	13	4	0	1	9	8	0.2361563	0.3916565
	2014	13	4	0	2	9	8	0.1486982	0.296012
	2015	13	6	0	3	11	10	0.1292217	0.2970619
	2016	13	4	0	1	9	8	0.0981652	0.3001637
	2017	13	5	0	4	11	10	0.1773893	0.4632374
	2018	13	6	0	3	14	13	0.1460242	0.3716503
	2019	13	6	0	3	10	9	0.0477192	0.1663987
	2020	13	6	0	4	16	15	0.060717	0.2115054
	2021	13	6	0	4	17	16	0.0733188	0.2030652
	2022	13	5	0	4	11	10	0.0984904	0.2872147
CAP	2013	14	6	4	2	6	4	1.0491366	1.1172158
	2014	14	6	4	2	6	4	1.3247649	1.408151
	2015	14	6	4	2	6	4	1.104158	1.1443466
	2016	14	6	4	2	6	4	0.6623882	0.702152
	2017	14	6	4	2	7	4	0.6398625	0.6684134
	2018	14	6	4	3	8	7	0.691195	0.7224589
	2019	14	6	4	6	8	7	0.6471895	10.242154
	2020	14	4	5	4	6	5	0.3127918	7.3887808
	2021	14	6	6	3	8	7	0.2449196	6.463396
	2022	14	6	6	4	9	8	0.3425833	7.0605742
Bua Cement	2013	15	5	2	1	7	6	1.0353189	0.1881837
	2014	15	5	2	1	8	7	0.1215691	0.2030946
	2015	15	6	2	1	11	9	0.0700482	1.1839686
	2016	15	5	1	1	9	8	0.0625957	0.1090904
	2017	15	5	1	1	8	7	0.1307922	0.2236891
	2018	15	5	2	2	12	9	0.131302	0.2076129
	2019	15	4	5	1	7	5	0.1288028	0.1666504
	2020	15	5	5	1	14	11	0.094407	0.1924283
	2021	15	5	5	1	8	7	0.1238639	0.2266566
	2022	15	5	5	1	8	6	0.1156084	0.2457797

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Bio Data

A. Personal Data

1. Name : Samuel Adegunle MESIOYE

2. Address: No. 6, Chief Eniola Omotosho Street, Elewure, Aba-ido Akala express, Oluyole Extension, Ibadan

3. Email Address: samuelmesioye@yahoo.com

4. Phone Numbers: 0803-557-6638

5. Date of Birth: 27th August 1992

6. Place of Birth: Abeokuta

7. Nationality: Nigerian

8. **Marital Status:** Single

9. Name & Address of Next of Kin: Mr. Samson Adegbenro MESIOYE

No 6, Onjoko street, Abiola-Way, Abeokuta.

B. Educational Background

Educational Institutions Attended with Dates and Qualifications

i. MSc. in Accounting – Lead City, University In-View

ii. Certificate in Emotional Intelligence and People Management – OGE Business School 2024

iii. Diploma Certificate in Taxation and Fiscal Policy – OGE Business School 2024

iv. B.Sc. in Accounting – Lead City University 2021

v. HND in Accounting – D.S Adegbenro ICT Polytechnic Ogun sate 2018

vi. WASC/SSCE – Abeokuta Grammar School 2011

B. Other Academic/Professional Qualifications:

i. Fello, Member of The Association of Tax Practitioners of Lagos State. ATPL) 2024

ii. Member, Chartered Institute of Bankers Association of Nigeria Nigeria (CIBN) 2018

iii. Felow, Member of The Institute of Forensic Accountant of Nigeria (FFA) 2020

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iv. Graduate, Nigerian Institute of Management (Chattered) (NIM) 2019

C. Other Academic/Professional Qualifications:

Membership of Academic and Professional Bodies

i. Fellow, Member of The Association of Tax Practitioners of Lagos State (2024)
ii. Member, Chartered Institute of Bankers Association of Nigeria CIBN (2023)
iii. Fellow, Member of The Institute of Forensic Accountant of Nigeria FFA (2022)
iv. Graduate, Nigerian Institute of Management (Chartered) NIM (2019)

D. Work Experience and Position with Dates:

. Work Experience with Dates

i. Ibadan Mall Development Company Limited (Accountant) Jan 2019-Till Date
ii. Africa Real Estate Investment & Asset Management Company Ltd (Finance/Account Intern) May 2015 - Dec 2018

E. Publications, if any: (In-View)

F. Creative Work: Nill

G. Major Conferences/Workshops Attended:

i. Academic & Industry EDGE(II) (Lead City University) June 2023

ii. Research Method and Academic Writing (Lead City University) October 2022

H. Extra-Curricular Activities:

Reading, Metting new people, Driving

……. **…….**
Signature **Date**

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University Compliance Certification

This is to certify that the Thesis by **Samuel Adegunle MESIOYE** with matriculation number **LCU/PG/002784** in the Department of Management and Accounting, Faculty of Management and Social Sciences, Lead City University, Ibadan, is in full compliance with the University Format and Style of Theses.

…….. ……..

Signature **Date**

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