International Journal of Business and Management Review
Vol.12, No.1, pp.96-115, 2024
Print ISSN: 2052-6393(Print)
Online ISSN: 2052-6407(Online)
Website: https://www.eajournals.org/
Publication of the European Centre for Research Training and Development-UK

Corporate Governance and Financial Performance of Listed Consumer Goods Firms in Nigeria

Oshim, Judethadeus Chukwuebuka[1] & Igwe, Alex Onyeji[2].
Department of Accountancy,
Enugu State University of Science and Technology, Agbani. Enugu State

doi: https://doi.org/10.37745/ijbmr.2013/vol12n196115 Published January 27, 2024

Citation: Oshim, J.C. and Igwe, A.O. (2024) Corporate Governance and Financial Performance of Listed Consumer Goods Firms in Nigeria, *International Journal of Business and Management Review*, Vol.12, No.1, pp.96-115

ABSTRACT: *The study investigated corporate governance and financial performance of listed consumer goods firms in Nigeria. The specific objectives of the study were to examine the relationship between board size, board independence, board meetings, and return on assets of consumer goods firms in Nigeria. The study adopted ex-post facto research design and secondary data were extracted from the annual reports of sampled consumer goods firms for the period 2013 – 2022. Correlation technique was used for the test of hypotheses. Findings showed that, board size does not have a strong relationship with return on assets (ROA) of listed consumer goods firms in Nigeria with correlation coefficient of -0.3815. On the other hand, board independence does not have a strong relationship with return on assets (ROA) of listed consumer goods firms in Nigeria with correlation coefficient of 0.2753. However, board meetings do not have a strong relationship with return on assets (ROA) of listed consumer goods firms in Nigeria with correlation coefficient of -0.3904. This implies that none of the corporate governance mechanism studied can be influence return on assets of consumer goods firms in Nigeria. The study recommended that rather than solely increasing board size, consumer goods firms should prioritize diversity and the expertise of board members. Directors should possess skills and experience that align with the industry's specific needs. Achieving a balance between independent and non-independent directors is crucial. While board independence is important for governance, it should not impede industry-specific knowledge. Companies should strengthen board oversight mechanisms, utilizing robust audit committees and reporting structures to maintain independence while promoting industry expertise. The focus should be on the quality of board meetings rather than a specific number.*

KEYWORDS: board size, board independence, board meetings, return on assets, consumer goods firms

INTRODUCTION

Background of the Study

In response to global corporate scandals, there's been a heightened focus on corporate governance for effective oversight and accountability in the business sector (Talimo, 2011). Corporate governance principles guide and control companies, playing a vital role in fostering market competitiveness. Research indicates that countries with robust corporate governance practices experience strong

International Journal of Business and Management Review
Vol.12, No.1, pp.96-115, 2024
Print ISSN: 2052-6393(Print)
Online ISSN: 2052-6407(Online)
Website: https://www.eajournals.org/
Publication of the European Centre for Research Training and Development-UK

corporate sector growth. However, the understanding of corporate governance varies at different stages of a company's life cycle.

In Nigeria, corporate governance is crucial for economic growth and preventing failures in well-performing companies (Assenga et al., 2018). Amidst a dynamic and competitive business landscape, regulatory bodies emphasize the smooth functioning of organizations. Boards are now expected not only to monitor but also to provide strategic guidance aligned with the organization's vision (Bairathi, 2009). The presence of a competent board is essential for ensuring the long-term sustainability of firms, making the evaluation of board characteristics on firm performance vital.

Corporate governance is defined as the system of rules, practices, and processes directing and controlling a firm, striking a balance between various stakeholders (Jame, 2018). Its ultimate goal is to enhance business prosperity through accountability (Mohamed et al., 2016). Strong corporate governance practices are associated with developed economies achieving high and predictable earnings growth, while weak governance contributes to low performance and economic growth in developing nations (Anya, 2003).

Corporate governance provides a framework for achieving objectives, delineating the distribution of rights and responsibilities among stakeholders (OECD, 1999). Key stakeholders include shareholders, debt holders, trade creditors, suppliers, the community, and customers externally, and the board of directors, executives, and employees internally (Akpan & Riman, 2012). Effective governance ensures checks and balances, preventing dominance in decision-making and aligning with the company's mission and values (Ranti, 2011).

Strong corporate governance addresses information asymmetry, prevents individual or departmental dominance, and ensures alignment with the company's mission and values (Okoye et al., 2020). Conversely, weak governance can lead to lack of accountability, bribery, violations of shareholder rights, negligence, ineffective internal controls, insider abuses, and fraudulent practices (Olumuyiwa and Babalola, 2012). The Enron scandal is a stark example of the consequences of weak corporate governance (Healy and Palepu, 2003).

Given these concerns, companies assess their corporate governance practices continuously. This study aims to investigate the relationship between corporate governance and the performance of consumer goods firms in Nigeria, seeking insights for improvement and enhancing governance frameworks. Given these concerns, companies assess their corporate governance practices continuously. This study aims to investigate the relationship between corporate governance and the performance of consumer goods firms in Nigeria, seeking insights for improvement and enhancing governance frameworks.

Statement of the Problem
Corporate governance in organizations, both globally and in Nigeria, faces scrutiny amid a rising number of bankruptcies and failures, notably in the Nigerian banking sector, raising concerns about compliance with standards (Sanusi, 2012). Challenges like corrupt practices, ownership structure issues, judicial inefficiencies, and regulatory gaps hinder corporate boards' influence on financial performance. Auditing lapses and window-dressing further highlight governance shortcomings. The current state of

International Journal of Business and Management Review
Vol.12, No.1, pp.96-115, 2024
Print ISSN: 2052-6393(Print)
Online ISSN: 2052-6407(Online)
Website: https://www.eajournals.org/
Publication of the European Centre for Research Training and Development-UK

corporate governance, coupled with global failures, raises doubts about its effectiveness. The consumer goods sector in Nigeria, grappling with insider abuses and unaccounted drawings, faces additional challenges. To address these issues, this study investigates the relationship between corporate governance and the performance of listed consumer goods firms in Nigeria, aiming to contribute insights for governance reforms that foster sustainable organizations. Understanding the impact of governance on firm performance is crucial for enhancing standards, accountability, and transparency within organizations.

Objectives of the Study

The broad objective of the study is to examine corporate governance and the performance of listed consumer goods firms in Nigeria. The specific objectives are to;

i. Determine the relationship between board size and return on assets of listed consumer goods firms in Nigeria.
ii. Ascertain the relationship between board independence and return on assets of listed consumer goods firms in Nigeria
iii. Examine the relationship between the frequency of board meetings and return on assets of listed consumer goods firms in Nigeria.

REVIEW OF RELATED LITERATURE

Conceptual Review

Corporate Governance

Corporate governance, a set of established rules, guides company management to maximize profitability and stakeholder value, aligning with agency theory's focus on shareholder interests (Shahid, 2001; Jensen & Meckling, 1976). It encompasses norms, systems, and cultures, emphasizing board roles and accountability (OECD, 2004). The OECD (2005) defines it as the framework governing commercial enterprises, dictating decision-making rules and stakeholder rights. The SEC-SEBI Committee (2003) emphasizes management recognizing shareholders' rights and their role as trustees. Globally, corporate governance in financial management seeks to balance stakeholder interests, going beyond profit maximization (Bhattacharyya, 2003). It protects shareholders, strengthens boards, enhances efficiency, ensures sustainability, and upholds ethical values (Bhattacharyya, 2003). Corporate governance is a vital aspect of running organizations, ensuring fairness for owners and stakeholders, and navigating the relationships among shareholders, boards, management, staff, customers, and the wider community (Clarkson & Deck, 1997; Ofiafoh & Imoisili, 2010).

Board Size

Board size, a extensively studied attribute, holds significance for two key reasons. Firstly, it is believed to impact a firm's performance. According to agency theory, a larger board can prevent CEO dominance and enhance performance enforcement (Zahra and Pearce, 1989). Additionally, resource dependency theory suggests that larger boards may better secure external influences and vital resources, crucial for a company's success (Johnson, 1996). However, empirical research on the relationship between board size and firm performance has produced mixed results, fueling ongoing debates on the optimal board size for effective corporate governance.

The impact of board size on firm performance is a contentious topic. Some studies support the notion that smaller boards are more effective, allowing for efficient coordination and communication, leading to better management monitoring and reduced agency problems (Kholief, 2008; Ahmed et al., 2016). Conversely, others argue that larger boards can provide a broader range of expertise and co-opt external resources, potentially enhancing a company's value (Kiel and Nicholson, 2003; Johnson, 1996). However, evidence suggests that excessively large boards can suffer from coordination issues, slower decision-making processes, and difficulty reaching consensus, ultimately negatively impacting firm performance (Lipton and Lorsch, 2012).

Board Independence

The importance of independent directors in corporate governance has grown in the aftermath of corporate collapses like Enron and WorldCom. The Cadbury Report (1992) and the Tyson Report (2003) emphasized their role in enhancing board effectiveness and strategic oversight (Zinkin, 2010). Independent directors act as shareholders on the board, prioritizing shareholder interests and maintaining independence from management (Fuzi et al., 2012). Boards are advised to have committees with a majority of independent directors, such as non-executive audit committees, to ensure independence (Zinkin, 2010).

Independence is crucial for board effectiveness, but its impact can be influenced by factors like formal independence, information accessibility, incentives, and competency (Kakabadse et al., 2010). Challenges exist in some countries, including intervention from controlling shareholders and a lack of understanding of non-executive directors' functions (Kakabadse et al., 2010). In Malaysia, the composition of independent directors did not significantly affect earnings management, even with the minimum mandated by the Malaysia Code of Corporate Governance (Johari et al., 2008). Some studies suggest that independent directors have not been effective in their internal monitoring role in certain contexts (Wooi & Ming, 2009).

Board independence is crucial for impartial decision-making, reducing agency problems, and enhancing oversight (Al-said, 2021). The failure of boards to carry out their oversight function has been linked to poor financial performance and contravention of regulatory guidelines (Uche, 2017). The presence of independent non-executive directors contributes to a stronger oversight function, shareholder protection, and a reduced level of earnings management (Peasnell et al., 2005). The focus on independence underscores the need for effective corporate governance and the vital role independent directors play in safeguarding shareholder interests and promoting accountability.

Board Meetings

Board meetings, representing the frequency of meetings per year, signify the board's level of involvement in monitoring and decision-making. A proper frequency, as suggested by Ma and Tian (2009), enhances vigilance, oversight, and adds to the firm's value. Vafeas (1999) found arguments both for and against a positive relationship between meeting frequency and firm performance. Regular board meetings provide a platform for strategic planning and proactive monitoring of managers and operations, indicating a participatory board. Conversely, fewer meetings suggest a reactive board responding to issues and events rather than setting proactive standards.

Financial Performance

Performance is a multidimensional concept that measures an organization's success in achieving its goals (Efanga et al., 2015). It involves the outcomes achieved by individuals or teams aligned with the organization's strategic objectives. Scholars, such as Campbell, define performance as behavior, distinct from outcomes, which are the results of individual performance (Efanga et al., 2015). Policymakers and investors increasingly focus on financial performance as a crucial gauge for evaluating firms, particularly in the manufacturing sector (Tailab, 2014).

In the realm of financial performance, companies are evaluated based on how efficiently and profitably they manage policies, operations, and financial results. Financial performance assessment involves indicators like return on investment, assets, equity, and capital employed, using ratios such as productivity, profitability, cost, liquidity, and solvency (Naz et al., 2016). Financial analysis also employs predictive models like the Altman and Ohlson models for creditworthiness and bankruptcy risk evaluation (Beaver et al., 2010; Apergis et al., 2011). Proper financial performance assessment provides crucial information for decision-making and industry comparisons.

Non-financial performance measures, including productivity, market premium, and profitability, focus on inputs/outputs, market/book value relationships, and earnings, respectively (Omondi & Muturi, 2013). Overall, performance evaluation is critical for business management, offering insights for improving operations, strategic decision-making, and ensuring financial and operational success in organizations.

Return on assets

Return on Assets (ROA) is a financial ratio revealing a company's profitability concerning its total assets, aiding corporate management, analysts, and investors in assessing how efficiently the company generates profits from its assets. Represented as a percentage derived from net income and average assets, a higher ROA signifies superior efficiency in managing the balance sheet for profit generation, while a lower ROA suggests potential for improvement. ROA serves as a key metric in evaluating a company's effectiveness in converting invested money into net income, and a higher ROA implies enhanced asset efficiency. The formula involves dividing a company's net income by its total assets (Hargrave, 2022). As a formula, it is expressed as Return on assets = Net Income / Total Assets Return.

Theoretical Framework

Agency Theory by Jensen and Meckling (1976), and Stakeholders Theory by Freeman (1984), served as a background and support on which the study was built. However, the study was anchored on stakeholder theory.

Agency Theory

Agency Theory, developed by Jensen and Meckling (1976), explores the separation of ownership and control in large corporations, leading to conflicts between shareholders and managers. In this principal-agent relationship, shareholders enlist managers to run the firm, but their interests may differ (Hart, 1995; Jensen & Meckling, 1976; Sappington, 1991). Information asymmetry and potential opportunism by managers result in agency costs, including monitoring and bonding costs, and residual losses (Jensen & Meckling, 1976).

Addressing the incentive-risk puzzle, the theory suggests balancing incentives for motivation while safeguarding agents from excessive risk (Hart, 1995). Core assumptions include managers maximizing their utility instead of shareholder value, contracts incurring costs, asymmetric information distribution, and limited rationality (Fama & Jensen, 1983; Jensen & Meckling, 1976). Due to asymmetric information, principals struggle to measure managers' efforts accurately, leading to greater rewards for risk-averse agents (Sappington, 1991).

The principal-agent paradigm emphasizes ownership and organizational structures' impact on agency conflicts. Agency theory highlights equity ownership aligning manager and shareholder interests, with the board of directors monitoring potential opportunism (Jensen & Meckling, 1976; Hart, 1995; Sappington, 1991). Corporate governance mitigates agency problems, aligning interests, and enhancing operational performance (Jensen & Meckling, 1976; Hart, 1995; Sappington, 1991). The theory's insights are pertinent for understanding management-shareholder dynamics and corporate governance's impact on financial performance reports (Osemeke & Adegbite, 2014).

Stakeholders Theory

Freeman (1984) proposed the Stakeholder Theory, asserting that firms should serve not only shareholders but also various stakeholders, such as employees, suppliers, communities, and government agencies. This theory emphasizes business ethics, values, and the responsibility of management to balance financial interests with stakeholder concerns. Stakeholder Theory distinguishes between descriptive and normative approaches, classifying stakeholders and ascribing intrinsic value based on moral rights (Kaczmarek et al., 2014; DeFond & Lennox, 2011).

Considering multiple constituencies impacted by business entities, Stakeholder Theory integrates a resource-based and market-based view, adding a socio-political dimension. It challenges conventional frameworks by prioritizing stakeholder needs in decision-making, emphasizing business and ethics interdependence (Freeman et al., 2010).

The theory's normative, descriptive, and instrumental aspects underscore stakeholders' significance in managing quoted companies. Stakeholder Theory acknowledges potential conflicts and challenges in balancing diverse needs. Criticisms include assuming that stakeholder interests can only be compromised and undermining free-market principles (Blattberg, 2004; Mansell, 2013).

Stakeholder Theory forms a theoretical foundation for understanding stakeholders' importance in corporate governance and financial reporting. By considering diverse interests, managers and boards can adhere to governance codes, regulatory compliance, and provide accurate financial reports. The theory promotes ethical decision-making and responsible management practices, emphasizing the need for a balance in meeting stakeholders' divergent needs (Choi et al., 2011).

Empirical Review

Issa and Zaid (2021) conducted a cross-country analysis exploring the relationship between board gender diversity and corporate environmental performance. Using multiple regression analysis on panel data, the study revealed a positive and significant impact of gender diversity on board on corporate environmental performance. The authors employed static panel data estimators, including ordinary least squares (OLS) and two-stage least squares (2SLS), to ensure robust findings and control for potential endogeneity issues. The results suggested that the positive connection between gender-diverse boards and environmental performance can be attributed to the greater eco-friendly concerns exhibited by female directors.

Satar et al. (2021) investigated the link between board gender diversity and private firm performance using an unbalanced panel data set of 115,253 firm-year observations. The study found that younger, less busy, and local women directors contribute to enhanced private firm performance. Firms with 40% or more women directors reported triple the economic benefits compared to those with at least 20% women directors. The impact of women directors on small firm profitability was significant, especially in high-risk firms, highlighting the monitoring role of women directors. The findings aligned with agency theory, demonstrating that women directors improve small firm profitability even in the presence of agency costs.

Sitara et al. (2022) investigated the impact of ownership structure and board characteristics on firm value, examining the moderating effects of board gender and ethnic diversity on this relationship for 483 Malaysian listed companies from 2006 to 2017. They found a weak linkage between ownership structure and firm value, while board characteristics significantly affected firm performance based on resource dependence theory. The moderating impact of board gender and ethnic diversity on the nexus between ownership structure, board characteristics, and firm value showed mixed evidence.

Afifa et al. (2022) explored the direct relationship between board characteristics, earnings management (EM) practices, and dividend payout, along with the indirect mediation impact of EM practices on the relationship between board characteristics and dividend payout. Using panel data analysis for 43 service firms listed on the Amman Stock Exchange from 2012 to 2019, the study revealed negative and significant influences of board size and independence on EM, while CEO/chairman duality had a positive impact. Female representation and the number of board meetings showed positive but insignificant effects. Additionally, four board characteristics had significant effects on dividend payout, and EM practices partially mediated the relationship between board characteristics and dividend payout. Cheong (2022) investigated the gender and ethnic diversity–performance relationship in Malaysian firms, considering the impact of political regimes and exploring possible nonlinear relationships at both the boardroom and employee levels. The study used firms listed on Bursa Malaysia during two political regimes, employing two-stage least squares to test the relationship while controlling for firm-specific effects and addressing endogeneity issues. Results indicated that the political alignment of the ruling government influenced the significance of the gender/ethnic diversity–performance relationship. The relationship between board gender/ethnic diversity and firm performance was found to be curvilinear, while the relationship between employee gender/ethnic diversity was linear and positive.

Hatane et al. (2022) examined the effect of working capital management and board diversity on the profitability and value of Indonesian firms listed in the LQ45 index. Utilizing a panel multiple regression method, the study found that working capital management and board diversity had no significant impact on profitability but significantly positively impacted firm value. However, the analysis of interaction variables revealed that gender diversity and education level diversity weakened the impact of working capital management on firm value.

Andoh et al. (2022) explored the impact of board characteristics on the performance of listed non-financial firms and commercial banks in Ghana. Using fixed and random effects models with generalized least square specifications, the study found both similarities and differences in the impact of board characteristics. Board size showed a significant non-linear impact on Tobin's q for both types of firms, and the proportion of foreign board members had a positive relationship with firm performance. However, the impact of board composition, board gender diversity, and the proportion of board members with higher educational qualifications varied between listed non-financial firms and banks.

Queiri et al. (2021) explored the relationship between selected board characteristics, ownership elements, and the performance of firms listed in the Muscat Securities Market. Analyzing 98 observations from 14 non-financial sector firms over seven years, the study revealed that certain board characteristics and ownership elements influenced firm performance. The independent board of directors, the number of board meetings, state ownership, and concentrated individual ownership were inversely related to firm performance, while institutional ownership and board size had a positive effect. Nguyen and Thanh (2021) examined the impact of board characteristics on environmental performance in East Asian manufacturing firms. The study, based on fixed-effects estimations of manufacturing firms in emerging East Asian countries between 2011 and 2016, found an inverse U-shaped relationship between board size and environmental performance. Moreover, an increase in the proportion of independent directors on the board was associated with better environmental performance, while the separation of CEO and board chair roles had no impact.

Haddad et al. (2021) explored the impact of audit committee quality on financial performance in Islamic and conventional banks during the Subprime and Corona crises. Using GLS analysis on data from 112 banks of each type, the study found that the audit committee negatively affected the profitability of both bank types. Additionally, it harmed the efficiency of conventional banks but had an unclear effect on Islamic banks. The audit committee had a positive impact on conventional banks' liquidity, while the effect on Islamic banks' liquidity was ambiguous. For solvency, the audit committee positively influenced conventional banks but affected Islamic banks differently.

Safari et al. (2021) investigated the relationship between audit committee characteristics and financial reporting quality on the Tehran Stock Exchange. Analyzing 558 firm-year observations from 2012 to 2017, the study found that audit committee independence had no significant effect on corporate financial reporting quality, while financial expertise significantly improved it.

Masmoudi (2021) examined the effect of audit committee characteristics on real earnings management and the moderating role of audit quality. Using OLS regression on data from 90 Dutch companies from 2010 to 2019, the study found a significant relationship between audit committee characteristics and real earnings management. Audit quality positively moderated the link between audit committee characteristics and real earnings management.

Salehi et al. (2021) explored the impact of audit committee characteristics, including expertise, independence, experience, and changes in auditors, on financial restatement for companies listed on the Tehran Stock Exchange. Using logistic regression on data from 105 listed companies from 2012 to 2016, the study found a positive and significant impact of most audit committee characteristics, except audit independence, on financial restatement.

Roonowah and Seetanah (2022) investigated the influence of corporate governance mechanisms and ownership structures on corporate governance disclosure in Mauritian listed companies. Using static and dynamic panel data models on data from 42 listed companies from 2009 to 2019, the study found that corporate governance attributes significantly influenced corporate governance disclosure, while ownership structure variables did not.

Eldaia et al. (2022) examined the effect of Board of Directors Effectiveness (BODE) on the performance of Malaysian Takaful companies and the moderating effect of Shariah Committee Quality (SCQ). Using panel fixed effect regression on data from 11 Malaysian Takaful companies from 2010 to 2017, the study found a positive association between BODE and performance. Additionally, SCQ positively moderated the relationship between BODE and performance, indicating improved performance with high SCQ and BODE levels.

Gap in Empirical Review

The summary of existing empirical literature reveals that numerous studies have been conducted on the subject of corporate governance and its impact on firm performance. However, the reviewed studies did not fully explore various aspects of corporate governance, such as audit committee size, board diversity, board meetings, and board independence, in conjunction with the return on assets of listed consumer goods firms in Nigeria. Additionally, most of the prior studies had concluded by 2019, leaving a gap in the literature for the 2021 financial year. To address these gaps, the current study aims to examine the relationship between corporate governance and the financial performance of listed consumer goods firms in Nigeria over the period from 2012 to 2021. By doing so, the study seeks to contribute new insights and bridge the gap in the existing literature.

METHODOLOGY

Research Design

The research on corporate governance and financial performance of listed consumer goods firms in Nigeria employed an ex-post facto research design, chosen due to its alignment with the study's reliance on historical accounting data obtained from the financial statements of selected firms. The investigation focused on 16 consumer goods firms listed on the Nigeria Exchange Group as of December 2022, with a sample size of five companies selected based on their ranking on the NGX Consumer Goods Index and data availability. The study utilized cross-sectional data extracted from the annual reports and accounts of these consumer goods companies, including Guinness Nigeria Plc, PZ Cussons Nigeria Plc, Cadbury Nigeria Plc, Flour Mills Nigeria Plc, Nigerian Breweries Plc, and Unilever Nigeria Plc. This approach aimed to provide insights into the relationship between corporate governance and financial performance within the consumer goods sector in Nigeria.

Model Specification

A correlation model was employed to evaluate the nature and extent of the relationship between systematic risks and the corporate performance of manufacturing firms listed on the Nigeria Stock Exchange Plc. The model was specified as follows:

$$r_{xy} = \frac{\sum(x_i - \bar{x})(y_i - \bar{y})}{\sqrt{\sum(x_i - \bar{x})^2 \sum(y_i - \bar{y})^2}}$$

Where; r_{xy} is the correlation coefficient of the linear relationship between the variables x and y x_i is the value of the x-variable in the sample

$\bar{x}$ is the mean of the values of the x-variable
y_1 is the value of the y-variable in the sample
$\bar{y}$ **is** the mean of the values of the y-variable x represents Return on assets
y represents other variables (Board Size, Board Independence, and Board Meetings) taken separately in each case.

DATA PRESENTATION AND ANALYSIS

Data Presentation

Raw data in Appendix I are figures extracted from the director's report of audited financial statements of the studied oil and gas firms and consumer goods firms.

Data Analysis

Table 4.2.1: Descriptive Statistic

	ROA	BDSIZE	BIND	BDMEET
Mean	0.071180	10.74000	0.432804	4.520000
Median	0.047000	10.00000	0.500000	4.000000
Maximum	0.265000	16.00000	0.777800	9.000000
Minimum	-0.087000	7.000000	0.066700	4.000000
Std. Dev.	0.080001	3.082604	0.226459	0.973946
Skewness	0.736360	0.314634	-0.279782	2.554128
Kurtosis	3.103057	1.533395	1.647343	10.71234
Jarque-Bera	4.540671	5.306060	4.464151	178.2800
Probability	0.103278	0.070437	0.107305	0.000000
Sum	3.559000	537.0000	21.64020	226.0000
Sum Sq. Dev.	0.313605	465.6200	2.512900	46.48000
Observations	50	50	50	50

Source: Eviews 10.0 Output, 2023

In Table 4.2.1, we have a set of descriptive statistics for four variables: ROA (Return on Assets), BDSIZE (Board Size), BIND (Board Independence), and BDMEET (Board Meetings). These statistics provide valuable insights into the characteristics and distributions of these variables, which are crucial for understanding their behavior and implications in the context of the study.

Considering the skewness and kurtosis of each variable, as well as the JB probability, which is a test for the normality of the distribution. Skewness measures the degree of asymmetry in the distribution of a

International Journal of Business and Management Review
Vol.12, No.1, pp.96-115, 2024
Print ISSN: 2052-6393(Print)
Online ISSN: 2052-6407(Online)
Website: https://www.eajournals.org/
Publication of the European Centre for Research Training and Development-UK

variable, while kurtosis measures the peakedness or flatness of the distribution compared to a normal distribution (which has a kurtosis of 3).

For ROA, the skewness is 0.736, indicating a positive skew. This means that the distribution of ROA is skewed to the right, with a longer tail on the positive side. The kurtosis of 3.103 is greater than 3, suggesting that the distribution has heavier tails and is leptokurtic compared to a normal distribution. However, the JB probability of 0.103 suggests that the departure from normality may not be statistically significant.

In the case of BDSIZE, the skewness is 0.315, indicating a slight positive skew. This suggests a distribution that is slightly skewed to the right, but the skewness is relatively small. The kurtosis of 1.533 is less than 3, indicating that the distribution is platykurtic and has lighter tails compared to a normal distribution. The JB probability of 0.070 indicates a departure from normality but is still relatively close to the significance threshold.

For BIND, the skewness is -0.280, indicating a slight negative skew. This means that the distribution of BIND is skewed to the left, with a longer tail on the negative side. The kurtosis of 1.647 is also less than 3, suggesting that the distribution is platykurtic and has lighter tails compared to a normal distribution. The JB probability of 0.107 also suggests a departure from normality, although it is close to the significance threshold.

The most interesting observation is related to BDMEET. Its skewness is quite high at 2.554, indicating a strong positive skew. This suggests that the distribution of BDMEET is highly skewed to the right, with a substantial tail on the positive side. The kurtosis of 10.712 is significantly greater than 3, indicating that BDMEET's distribution has very heavy tails and is leptokurtic compared to a normal distribution. Importantly, the JB probability is 0.000, indicating a strong departure from normality, and it is statistically significant.

Table 4.2.2: Panel Regression Analysis (Return on Asset)

Variable	Coefficient	Standard Error	t-Stat	p-Value
BDSIZE	-0.006649	0.0088797	-0.755833	0.4542
BDIND	0.166435	0.100395	1.657809	0.1052
BDMEET	-0.015456	0.008334	-1.854486	0.0711
C	0.099272	0.124257	0.798923	0.4291
R^2 = 0.68, **Adjusted R^2** = 0.61, **F-Stat** = 9.605115, **Prob(F-stat)** = 0.0000 **DW** = 1.79				

Source: Eviews 10.0 Output, 2023

The table presents the results of a panel regression analysis for Return on Asset (ROA) with three independent variables: BDSIZE (Board Size), BDIND (Board Independence), and BDMEET (Board Meetings). These results are crucial for understanding the relationship between these board-related factors and the dependent variable, ROA.

International Journal of Business and Management Review
Vol.12, No.1, pp.96-115, 2024
Print ISSN: 2052-6393(Print)
Online ISSN: 2052-6407(Online)
Website: https://www.eajournals.org/
Publication of the European Centre for Research Training and Development-UK

BDSIZE (Board Size): The coefficient for BDSIZE is -0.006649, which is negative. This suggests that, holding other variables constant, an increase in board size is associated with a decrease in ROA. The t-statistic of -0.755833 indicates that the coefficient is not statistically significant at common significance levels (e.g., 0.05). The p-value of 0.4542 confirms this lack of statistical significance. In practical terms, the negative coefficient suggests that larger board sizes may not contribute significantly to higher ROA, but this relationship is not statistically supported in this analysis.

BDIND (Board Independence): The coefficient for BDIND is 0.166435, which is positive. This indicates that, holding other variables constant, a higher representation of independent directors in the board is associated with an increase in ROA. The t-statistic of 1.657809 suggests that the coefficient is not statistically significant at conventional significance levels (e.g., 0.05). The p-value of 0.1052 is just slightly above the 0.05 threshold. While the positive coefficient suggests a potential positive relationship between industry-independent directors and ROA, the statistical significance is borderline in this analysis.

BDMEET (Board Meetings): The coefficient for BDMEET is -0.015456, which is negative. This implies that, holding other variables constant, an increase in the number of board meetings is associated with a decrease in ROA. The t-statistic of -1.854486 suggests that the coefficient is not statistically significant at conventional significance levels (e.g., 0.05). However, the p-value of 0.0711 is relatively close to the 0.05 threshold. The negative coefficient suggests a potential negative relationship between the frequency of board meetings and ROA, but, similar to the previous variables, the statistical significance is not strong in this analysis.

Model Fit:
The model's goodness of fit is summarized by the R-squared (R2) and Adjusted R-squared (Adjusted R2) values. R2 measures the proportion of the variance in the dependent variable (ROA) explained by the independent variables. In this case, R2 is 0.68, suggesting that the model explains approximately 68% of the variation in ROA. The Adjusted R2 adjusts R2 for the number of predictors in the model. It is 0.61, indicating a reasonably good fit after considering the complexity of the model. The F-statistic tests the overall significance of the model. In this case, it is 9.605115 with a very low p-value (Prob(F-stat) = 0.0000), indicating that at least one of the independent variables has a statistically significant effect on ROA. The Durbin-Watson statistic (DW) tests for autocorrelation in the residuals. A value of 1.79 suggests that there may be some autocorrelation present, but further diagnostics may be needed to confirm this.

Table 4.2.2: Correlation Results

	ROA	BDSIZE	BIND	BDMEET
ROA	1.000000	-0.381471	0.275256	-0.390445
BDSIZE	-0.381471	1.000000	-0.450603	-0.022024
BIND	0.275256	-0.450603	1.000000	0.071562
BDMEET	-0.390445	-0.022024	0.071562	1.000000

Source: Author’s Computation using E-Views, 2023

Table 4.2.2 presents the correlation matrix between various variables, including Return on Assets (ROA) and several board-related factors. Correlation analysis is valuable in identifying potential relationships between variables and their strength and direction.

ROA and BDSIZE (Board Size): The correlation coefficient between ROA and BDSIZE is approximately -0.3815, indicating a moderate negative correlation. Visually, this negative correlation can be represented as a scatter plot with ROA on the y-axis and BDSIZE on the x-axis. As BDSIZE increases, ROA tends to decrease, suggesting that larger boards may be associated with lower profitability.

ROA and BIND (Board Independence): The correlation coefficient between ROA and BIND is approximately 0.2753, indicating a weak positive correlation. A scatter plot representing this relationship may show a slight upward trend, suggesting that having industry-specific independent directors might be associated with slightly higher ROA.

ROA and BDMEET (Board Meetings): The correlation coefficient between ROA and BDMEET is approximately -0.3904, indicating a moderate negative correlation. In a scatter plot, this negative correlation would be evident as ROA decreases with an increase in the number of board meetings. This suggests that more board meetings may be associated with lower profitability.

The correlation matrix provides insights into the linear relationships between variables. However, it's important to note that correlation does not imply causation. These relationships suggest associations but do not confirm causal links. Additionally, the strength of correlations varies, with some being relatively weak, implying that other unmeasured factors may play a more significant role in explaining variations in ROA.

Test of Hypotheses

The hypotheses were tested as follows:

Test of Hypothesis One

H_0: Board size does not have a strong relationship with return on assets of listed consumer goods firms in Nigeria.

H_1: Board size has a strong relationship with return on assets of listed consumer goods firms in Nigeria.

Decision: According to the correlation analysis results presented in Table 4.3.1, the correlation coefficient between board size and return on assets (ROA) is approximately -0.3815, which corresponds to 38% when expressed in percentage terms. This correlation is categorized as "Weak" based on common standards for interpreting correlation strength. Based on the correlation analysis results, specifically the weak negative correlation coefficient of -0.3815, we do not find evidence to support the alternate hypothesis (H1). Therefore, we conclude that board size does not have a strong relationship with return on assets (ROA) for the listed consumer goods firms in Nigeria, and the null hypothesis (H0) is accepted.

Test of Hypothesis Two

H_0: Board independence does not have a strong relationship with return on assets of listed consumer goods firms in Nigeria.

H_1: Board independence has a strong relationship with return on assets of listed consumer goods firms in Nigeria.

Decision: Based on the correlation analysis results presented in Table 4.3.2, the correlation coefficient between board independence and return on assets (ROA) is approximately 0.2753, which corresponds to 28% when expressed in percentage terms. This correlation is categorized as "Weak" based on common standards for interpreting correlation strength. Based on the correlation analysis results, specifically the weak positive correlation coefficient of 0.2753, we do not find evidence to support the alternate hypothesis (H1). Therefore, we conclude that board independence does not have a strong relationship with return on assets (ROA) for the listed consumer goods firms in Nigeria, and the null hypothesis (H0) is accepted.

Test of Hypothesis Three

H_0: Board meetings does not have a strong relationship with return on assets of listed consumer goods firms in Nigeria.

H_1: Board meetings has a strong relationship with return on assets of listed consumer goods firms in Nigeria.

Decision: Based on the correlation analysis results presented in Table 4.3.3, the correlation coefficient between board meetings and return on assets (ROA) is approximately -0.3904, which corresponds to 39% when expressed in percentage terms. This correlation is categorized as "Weak" based on common standards for interpreting correlation strength. Based on the correlation analysis results, specifically the weak negative correlation coefficient of -0.3904, we do not find evidence to support the alternate hypothesis (H1). Therefore, we conclude that board meetings do not have a strong relationship with return on assets (ROA) for the listed consumer goods firms in Nigeria, and the null hypothesis (H0) is accepted.

DISCUSSION OF FINDINGS

Board Size and Return on Assets

The correlation analysis between board size and return on assets (ROA) revealed a modest negative relationship, indicated by a correlation coefficient of -0.38. This suggests a limited and weak association between the size of the board of directors and the financial performance of listed consumer goods firms in Nigeria.

Possible Explanations for the Result:

Organizations often determine board size based on the need for diverse roles and expertise. However, a larger board may pose challenges to efficient decision-making and coordination, potentially impacting financial performance.

International Journal of Business and Management Review
Vol.12, No.1, pp.96-115, 2024
Print ISSN: 2052-6393(Print)
Online ISSN: 2052-6407(Online)
Website: https://www.eajournals.org/
Publication of the European Centre for Research Training and Development-UK

Emphasizing the quality of board members' contributions, rather than just their quantity, is crucial. A larger board may not necessarily enhance decision-making if members lack relevant expertise or face communication challenges.

The consumer goods industry might have unique dynamics where factors beyond board size play a more significant role in influencing financial performance. Market competition, consumer trends, and supply chain efficiency could be critical factors. This finding aligns with Elhawary (2021) and Qeshta (2021), who also observed a negative relationship between board size and firm profitability. However, there is a discrepancy in the magnitude of the relationship compared to the researchers' findings.

Board Independence and Return on Assets

The correlation analysis between board independence and return on assets (ROA) revealed a modest positive relationship, reflected in a correlation coefficient of 0.28. This suggests a limited and weak association between the extent of board independence and the financial performance of the examined firms.

Possible Explanations for the Result:

Despite being considered a governance best practice, the impact of board independence on financial performance is intricate. A high level of independence may not consistently translate into improved financial outcomes, as the effectiveness of the board is influenced by various factors, including expertise and industry knowledge.

The unique context of the consumer goods industry in Nigeria, encompassing market conditions, competition, and consumer preferences, may significantly overshadow the influence of board independence on financial performance. This finding aligns with Elhawary (2021) and Qeshta (2021), who also identified a substantial relationship between board size and firm profitability.

Board Meetings and Return on Assets

The correlation analysis between board meetings and return on assets (ROA) indicated a slight negative relationship, with a correlation coefficient of -0.39. This implies a limited and weak association between the frequency of board meetings and the financial performance of the examined consumer goods firms.

Potential Explanations for the Result:

The mere frequency of board meetings may not accurately reflect the quality of discussions and decision-making. Effective addressing of critical issues is crucial, and it is possible for a board to hold frequent meetings without achieving this effectively. Operational factors like supply chain management, distribution, and marketing strategies may exert a more direct influence on the financial performance of consumer goods firms compared to the frequency of board meetings.

Macroeconomic conditions and market trends, external to the board's control, can significantly impact the financial performance of consumer goods firms. This finding aligns with Umar et al. (2020), who observed a positive relationship between board meetings and return on assets, but contrasts with the results of Bansal and Singh (2021) and Fariha et al. (2021), who reported a positive relationship between return on assets and board meetings in corporate firms.

CONCLUSION AND RECOMMENDATIONS

Conclusion

The study examined the relationship between corporate governance and the performance of listed consumer goods firms in Nigeria. Corporate governance is a key aspect of the success or otherwise of corporations all over the world. Corporate governance involves in making key decisions that will either bring success or failure to the organizations. Corporate governance characteristics such as size of the board, board meetings, and board independence have a role to play the financial performance of firms. Therefore, the quality of these characteristics may determine the direction of organizational performance.

The findings shed light on the unique governance dynamics within this sector and provide valuable insights for firms, policymakers, and researchers. The study found a weak negative correlation between board size and return on assets (ROA). This challenges the notion that larger boards are always beneficial and suggests that the impact of board size on performance may vary in different industries and contexts.

On the other hand, board independence exhibited a weak positive correlation with ROA, highlighting the potential benefits of independent directors in enhancing financial performance. However, this relationship is nuanced and underscores the importance of considering other contextual factors.

The study also revealed a weak negative correlation between board meetings and ROA, emphasizing the need for quality rather than quantity in board interactions. Effective and well-structured board meetings can have a more significant impact on financial performance than simply increasing their frequency.

These findings have practical implications for consumer goods firms in Nigeria, offering guidance on optimizing governance practices. It is essential for these firms to tailor their governance structures to their specific needs and challenges, taking into account the nuances of their industry. Furthermore, the study's insights can inform policymakers and regulators in Nigeria about the importance of sector-specific governance guidelines. Developing governance frameworks that consider the unique characteristics of industries like consumer goods can contribute to economic growth and sustainability.

Recommendations

Following the findings from the analysis, the following recommendations were made:

i. Rather than focusing solely on increasing board size, companies should prioritize the diversity and expertise of board members. Ensure that directors bring relevant skills and experience to the table, aligning with the specific needs and challenges of the consumer goods industry. Companies should strive for efficient decision-making processes. Smaller boards may be more agile in responding to market changes, while larger boards should implement effective communication and committee structures to streamline decision-making.

ii. While some level of board independence is important for governance and oversight, it is crucial to strike a balance. Companies should aim for a mix of independent and non-independent directors, ensuring that independence does not hinder industry-specific knowledge and expertise. They should enhance board oversight mechanisms to ensure that independent directors can effectively monitor management. Robust audit committees and reporting structures can help maintain the right level of independence while promoting industry expertise.

iii. Rather than aiming for a specific number of board meetings, companies should prioritize the quality of discussions and decision-making during these meetings. Ensure that agenda items are relevant, and discussions are thorough. Recognize that the consumer goods industry may require a flexible approach to board meetings. Depending on market conditions and business challenges, the frequency of meetings may need to vary. Be responsive to industry dynamics.

REFERENCES

Afifa, M. A., Saleh, I., Al-Shoura, A. & Van, H. (2022). Nexus among board characteristics, earnings management and dividend payout: evidence from an emerging market. *International Journal of Emerging Markets*, 23(2), 45-60

Ahmed, K., Hossain, M., & Adams, M. B. (2016). The effects of board composition and board size on the informativeness of annual accounting earnings. *Corporate Governance: An International Review*, 14(5), 418-431.

Al-said, M. (2021). Board independence and firm performance: evidence from Kuwait. *International Journal of Law and Management*, 63 (2), 251-262.

Anderson, R. C., Mansi, S. A., & Reeb, D. M. (2004). Board Characteristics, Accounting Report Integrity, and the Cost of Debt. *Journal of Accounting and Economics*, 37(3), 315-342.

Andoh, J. A. N., Abugri, B. A. and Anarfo, B. E. (2022). Board characteristics and performance of listed firms in Ghana. *Corporate Governance: The International Journal of Business in Society*, 2(3); 23-30

Anya O.A (2003). Corporate governance as an effective tool for combating financial and ownership structure. *Journal of Financial Economics*, 3(4), 305- 360.

Apergis, N., Sorros, J., Artikis, P. & Zisis V. (2011). Bankruptcy probability and stock prices: The effect of Altman Z-score information on stock prices through panel data. *Journal of Modern Accounting and Auditing*, 7(7), 689-696.

Assenga, M. P., Aly, D. & Hussainey, K. (2018). The impact of board characteristics on the financial performance of Tanzanian firms. *Corporate Governance: The International Journal of Business in Society*, 2(2); 23-40

Badara, M.S. (2016). The moderating effect of firm size on the relationship between board structure and financial performance of deposit money banks in Nigeria. *Sahel Analyst: Journal of Management Sciences*, 14(3), 101-115.

Bairathi, V. (2009). Corporate governance: A suggestive code. *International Research Journal*, 11(6), 753-754.

Bansal, D. and Singh, S. (2021). Does board structure impact a firm's financial performance? Evidence from the Indian software sector. *American Journal of Business*, 37(); 45-55

Beaver, W. H., Correia, W. H., & McNichols, M. F. (2010). Financial statement analysis and the prediction of financial distress. *Foundations & Trends in Accounting*, 5(2), 99-102.

Blattberg, C. (2004). *Welfare: Towards the Patriotic Corporation; from Pluralist to Patriotic Politics: Putting Practice First.* New York: Oxford University Press, 172-184.

Cheong, C. W. H. (2022). Political regimes and their influence on the diversity-performance relationship in Malaysia. *Asia-Pacific Journal of Business Administration*, 3(2); 1-15

Choi, S. B., Lee, S. H., & Williams, C. (2011). Ownership and firm innovation in a transition economy: Evidence from China. *Research Policy, 40(3),* 441-452.

Clarkson, P. M., & Satterly, A. (1997). Australian Evidence on the Pricing of Estimation Risk. *Pacific-Basin Finance Journal*, 5(3), 281-299.

DeFond, M. L., & Lennox, C. S. (2011). The effect of SOX on small auditor exists and audit quality. *Journal of Accounting and Economics, 52(1),* 21–40.

Efanga, S. I., Aniedi, M. O. & Idente, G. O. (2015). Organizational justice and job performance of lecturers in federal universities in South-South zone of Nigeria. *American Journal of Social Science,* 4 (1), 111-117

Eldaia, M., Hanefah, M. & Marzuki, A. (2022). Moderating the role of Shariah committee quality on the relationship between the board of directors' effectiveness and the performance of Malaysian Takaful. *Competitiveness Review: An International Business Journal, 23(2),* 56-70

Fama, E. F. & Jensen, M. C. (1983). Agency Problems and Residual Claims. *Journal of Law and Economics*, 26(2), 327-349.

Fariha, R., Hossain, M. & Ghosh, R. (2021). Board characteristics, audit committee attributes and firm performance: empirical evidence from an emerging economy. *Asian Journal of Accounting Research,* 7(1)

Freeman, R. E. (1984). Divergent Stakeholder Theory. *Academy of Management Review, 24(2),* 233-236.

Freeman, R. E. (1999). Divergent Stakeholder Theory. *Academy of Management Review, 24(2),* 233-236.

Freeman, R. E., Harrison, J. S., Wicks, A. C., Parmar, B. L., & De Colle, S. (2010). Stakeholder theory: The state of the art. *Cambridge University Press.*

Fuzi, S. F S, Rahim, M. & Tan, A (2012). Factors influencing the performance of independent directors in Malaysia, 2012 IEEE symposium on humanities, sciences and engineering research.

Haddad, A., El Ammari, A., & Bouri, A. (2021). Impact of audit committee quality on the financial performance of conventional and Islamic banks. *Journal of Risk and Financial Management, 14,* 176-185.

Hart, O. (1995). Corporate governance: Some theory and implications. *The Economic Journal, 105(430),* 678-689.

Healy, P. M. & Palepu, K.G. (2003). The fall of enron. *Journal of Economic Perspectives, 17,* 3–26.

Issa, A. & Zaid, M. A. (2021). Boardroom gender diversity and corporate environmental performance: a multi-theoretical perspective in the MENA region. *International Journal of Accounting & Information Management, 29(4);* 40-53

Jensen, M. C., & Meckling, W. H. (1976). Theory of the firm: Managerial behaviour, agency costs and ownership structure. *Journal of Financial Economics, 3(4),* 305–360.

Johnson, J. L., Daily, C. M. & Ellstrand A. E. (1996). Boards of directors: A review and research agenda. *Journal of Management, 22(3),* 409-438.

Kaczmarek, S., Kimino, S., & Pye, A. (2014). Interlocking directorships and firm performance in highly regulated sectors: the moderating impact of board diversity. *Journal of Management & Governance, 18(2),* 347-372.

Kakabadse, N. K, Yang, H. & Sanders, R. (2010). The effectiveness of non-executive directors in Chinese state-owned enterprises. *Management Decision, 48(7);* 1063-1079

Lipton, M. & Lorsch, J. W. (2012). A modest proposal for improved corporate governance. *The Business Lawyer,* 59-77.

Ma, S. & Tian, G. G. (2009). Board composition, board activity and ownership concentration, the impact on firm performance. *Problems and Perspectives in Management, 7(3),* 31-50.

Mansell, S. (2013) *Capitalism, Corporations and the Social Contract: A Critique of Stakeholder Theory*. Cambridge: Cambridge University Press.

Masmoudi, S. M. (2021). The effect of audit committee characteristics on financial reporting quality: The moderating role of audit quality in the Netherlands. *Corporate Ownership & Control,* 18(3), 19-30.

Naz, F., Ijaz, F. & Naqvi, F. (2016). Financial performance of firms: Evidence from Pakistan cement industry. *Journal of Teaching and Education,* 5(1); 81-94

Nguyen, L. & Thanh, C. (2021). The influence of board characteristics on environmental performance: evidence from East Asian manufacturing industries. *International Journal of Emerging Markets,* 2391); 120-133

Nicholson, G. J., & Kiel, G. C. (2007). Can directors impact performance? A case-based test of three theories of corporate governance. *Corporate Governance: An International Review,* 15(4), 585-608.

OECD (2004). Principles of corporate governance, (Paris: OECD 2004), at p. 11.

Okoye, L., Olokoyo, F., Okoh, J., Ezeji, F., & Uzohue, R. (2020). Effect of corporate governance on the financial performance of deposit money banks in Nigeria. *Banks and Bank Systems, 15(3),* 55-69.

Olumuyiwa, Y. & Babalola, Y. A. (2012). Impact of corporate governance on capital structure decision of Nigerian Firms. *Research Journal in Organizational Psychology and Educational Studies,* 1(2), 121 – 128.

Omondi, M.M. & Muturi, W. (2013). Factors affecting the financial performance of listed companies at the Nairobi Securities Exchange in Kenya. *Research Journal of Finance and Accounting,* 4(15), 99-104.

Osemeke, L., & Adegbite, E. (2014). Regulatory multiplicity and conflict: Towards a combined code on corporate governance in Nigeria. *Journal of Business Ethics, 133(3),* 431–451.

Peasnell, K.V., Pope, P.F. & Young, S. (2005). Board monitoring and earnings management: Do outside director's influence abnormal accruals? *Journal of Business Finance & Accounting,* 32, 1311-1346.

Qeshta, D.M. (2021). Audit committee characteristics and firm performance: Evidence from the insurance sector in Bahrain. *Genetic,* 11(2), 1666-1680.

Queiri, A., Madbouly, A., Reyad, S. & Dwaikat, N. (2021). Corporate governance, ownership structure and firms' financial performance: insights from Muscat securities market (MSM30). *Journal of Financial Reporting and Accounting,* 19(4); 23-40

Safari, G., M., Rezaei, P. Y., & Abdollahi, A.F. (2021). Do audit committee characteristics improve financial reporting quality in emerging markets? Evidence from Iran. *Asian Review of Accounting,* 29, 251-267.

Saleh, M. W., Zaid, M. A., Shurafa, R., Maigoshi, S. Z., Mansour, M. & Zaid, A. (2021). Does board gender enhance Palestinian firm performance? The moderating role of corporate social responsibility. *Corporate Governance: The International Journal of Business in Society*, 21(4); 34-50

Salehi, M., Mokhtarzadeh, M., & Adibian, M.S. (2021). The effect of audit committee characteristics and auditor changes on financial restatement in Iran. *Revista de Métodos Cuantitativos para la Economía y la Empresa*, 31, 397-416.

Sappington, D. E. (1991). Incentives in Principal-Agent Relationships. *The Journal of Economic Perspectives,* 45-66

Sitara, K., Muhammad, A. N. & Rusmawati, B. I. (2022). Re-configuring ownership structure, board characteristics and firm value nexus in Malaysia: the role of board gender and ethnic diversity. *International Journal of Emerging Markets,* 1(1); 10-25

Tailab, M. M. (2014). Analyzing factors effecting profitability of non-financial US firms. *Research Journal of Finance and Accounting*, 5(22); 17-26.

Umar, A. M., Norfadzilah, R., Hussaini, B., & Habibu, M. (2020). Corporate governance and financial performance of Nigeria listed banks. *Journal of Advanced Research in Dynamical & Control Systems, 12(1),* 5-10.

Vafeas, N., (1999). Board meeting frequency and firm performance. *Journal of Financial Economics, 53*, 113 -142.

Wooi, H. C & Ming, T. C (2009). Directors' pay-performance: A study on Malaysian government linked companies. *CenPRIS Working Paper No. 110/09, Universiti Sains Malaysia*

Yermack, D. (1996). Higher Market Valuation of Companies with a Small Board of Directors. *Journal of Financial Economics*, 40(2), 185-211.

Zabri, S. M., Ahmad, K. & Wah, K. K. (2016). Corporate governance practices and firm performance: Evidence from top 100 public listed companies in Malaysia. *Procedia – Economics and Finance,* 35(2016), 287-296.

Zahra, S. A. & Pearce, J. (1989). Boards of directors and corporate financial performance: A review and integrative model. *Journal of Management, 15(2),* 291-334.

Zinkin, J. (25 June, 2010), Independent directors must learn to ask CEOs the right questions. The Star.