JETMASE Vol 4(1): 82 –98, June, 2022 Available online at

https://www.jetmase.com

Corporate Governance Dynamics and Performance of Consumer Goods Firms (Nigeria Experience)

ANUSI, A. O.[1*] & Egungwu, Ikenna (PhD)[2]
[1&2]Department of Banking and Finance, Faculty of Management Sciences
Chukwuemeka Odumegwu Ojukwu University
Igbariam Campus, Anambra State, Nigeria
***Correspondence: albertogbonniaanusi@gmail.com**

Abstract

Corporate governance is a set of processes, customs, policies and laws affecting the way a corporation is directed, administered and controlled. It represents the methods through which organizations are being administered, a structure through which the welfare of different parties with vested interests are harmonized, showing a group of interaction between the company's administration, its board, its shareholders and other interested parties. The main objective of this study is to examine corporate governance dynamics and performance of consumer goods firms (Nigeria experience). Specifically, the study examined the effect of Director's remuneration, determine the effect of board size, ascertain the effect of board duality and investigate the effect of board gender on performance of consumer goods firms in Nigeria. *Ex-post facto* research design was adopted in the study; the multiple regression analysis was used. The result of the study revealed that Director's remuneration has significant effect on the performance of consumer goods firms in Nigeria, board size has significant effect on the performance of consumer goods firms in Nigeria, board duality has no significant effect on consumer goods firms in Nigeria and gender diversity has no significant effect on the performance of consumer goods firms in Nigeria. The study therefore submits that corporate governance dynamics has improved the performance of consumer goods firms in Nigeria. Amongst the recommendations is that consumer goods firms in Nigeria should determine the optimum payment that will not affect market value of share of consumer goods firms in Nigeria. Consumer goods firms in Nigeria should not select their board size below the mean value; Consumer goods firms should select size of board to create equilibrium between the requirements for timely advice and the financial implications of maintaining large board membership. Consumer goods firms in Nigeria should not be in a hurry to assign more than one responsibility to each of the directors since it has no significant effect on market value of share. Consumer goods firms in Nigeria should not focus on gender diversification so much since it has no significant effect on market value of share.

Key Words: Corporate Governance Dynamics, Consumer Goods Firms. (Nigeria Experience)

INTRODUCTION

The collapse of several multinational corporations all over the globe has shifted the emphasis of stakeholders to the importance of ways and manners the business affair is directed by those charged with the responsibility (Olabisi, Kajola, Oladejo, Ojeaga, & Abass, 2018). The corporate governance mechanisms imbued in an organization is a key factor to the attainment of high quality financial information that communicates to the investors the value of accounting statement (Abdolreza, 2016). The context of International Financial Reporting Standard (IFRS) expressly confirms that quality information must have various attributes like reliability, understandability, faith representation, relevance and comparability. Moreover, the introduction of IFRS has improved financial reporting only for firms with effective shareholders' protection and company specific characteristics such as high quality corporate governance (Ndum, & Oranefo, 2021).

The parting of ownership from control has led to agency problem that makes information to be available to the management alone (information asymmetry). This is the root cause of agency conflict where agent is expected to satisfy the interest of principal but in many cases seeks self-interest. A strategy for lessening agency problem is to mitigate information asymmetry between the agent and principal. The provision of a high quality accounting information reduces information asymmetries between the agent and shareholders. Accounting information must faithfully represent the essentials of a business as a value creating unit. From the perspective of accounting standards, matters and concerns have been a subject of debate as to the quantum of quality of information the reporting entity's financial statements should contain.

Corporate governance is a system of structuring, operating, and controlling the activities of a company with a view to achieving long-term strategic goals of satisfying its shareholders, creditors, employees, customers and suppliers (Jackie, Francesc & Jacques-Laurent, 2013). It is a set of processes, customs, rules and regulations which determines the running of an organization towards achieving its objective. It is also a process, influenced by the board of directors or management and other personnel assigned to provide reasonable assurance and achievement of objectives in effectiveness and efficiency in all operations, reliability of financial reporting and compliance with applicable laws and regulations (Lasisi, 2018). The none usage of corporate governance arrangements had driven to the later worldwide tall profile corporate disappointments, for illustration the Maxwell Communications Enterprise and the Enron in Joined together States of America. All these corporate failures have been accredited to meager corporate governance practices. Since great governance of listed companies has gotten to be a need and the column on which it rest are contained within the laws and controls, controls around the world have given noteworthy time and assets to the improvement of legislations and approaches related to corporate governance. Noteworthy advance has been accomplished in Nigeria over the past decade in building up government frame-work for recorded companies in Nigeria for occasion, The Nigerian most recent Code of corporate governance (2018) looks for to put in put corporate governance best hones in Nigerian companies. This Code too advances open mindfulness of basic corporate values and moral hones that will upgrade the astuteness

of the trade environment. By institutionalizing tall corporate governance measures, which is able also revamp open believe and certainty within the Nigerian economy, in this way encouraging expanded trade and investment.

The corporate reporting system suggests a distinctive foundation for probing the effect of corporate governance devices on value relevance of accounting information. It has been observed that in Nigeria, corporate governance structure is somewhat weak when compared with US and UK (Nhung Hong vu & Thuy, 2017*).* In Nigeria, the corporate governance device is not so efficient like those of developed economy, and lacking ability to drive organization to monitor and take corrective steps to prevent firms' failure. In this connection, there should be core governance mechanisms incorporated into the business affairs to improve value relevance.

Various studies such as Assskinyomi, (2015); Cheema and Din (2013); Esra and Allam (2015) have addressed internal governance mechanism such as gender diversity, board structure, board composition, board meeting, audit committee's independence, audit committee structures and quality of accounting information. The results of previous studies on how the relationship between corporate governance and opportunistic accounting affect the market value of share are inconclusive (Shehu & Abubakar, 2012). However, the inclusiveness of these studies has created a gap this study intends to fill by trying to examine corporate governance dynamics and performance of consumer goods firms in Nigeria

LITERATURE REVIEW

Corporate Governance

Corporate governance could be a set of forms, traditions, approaches and laws influencing the way a organization is coordinated, managed and controlled. It speaks to the strategies through which organizations are being managed, a structure through which the welfare of diverse parties with vested interface are harmonized, appearing gather of interaction between company's organization, its board, its shareholders and other interested parties (Mayowa, Olusola & Olaiya, 2021). The Principles of Corporate Governance acknowledge that an effective corporate governance system can lower the cost of capital and encourage firms to use resources more efficiently, thereby promoting growth. It also includes integrity, ethical behavior, disclosure, transparency, equitable treatment of the shareholders, efficient discharge of board responsibilities. A sound functioning corporate governance are the foundations upon which investors' confidence is built.

Corporate governance involves the interaction among the many interested parties concerned and the reasons while the corporation is being managed. Organizational governance represents a noteworthy variable which establishes the strength of the organization and the company's capability to live through financial shake-ups. The overall focus of organizational governance has to do with developing reliability, guaranteeing openness and responsibility (Uwuigbe & Fakile, 2012). Good corporate governance also encourages support and assurance in the banking system (Miriam & Morris 2017*).* Corporate governance is a key driver of corporate accountability and business prosperity. In reaction to challenges in their individual segments, a number of industry controllers created corporate administration codes for companies working in their sectors.

Director's remuneration

This is a means to motivate the executives in order to improve their performance. If the performance of the company increases, the value of the company will increase, and shareholders wealth will also increase. Agency theory, assumes that executives always act on its own interests so there is need to create a mechanism that the executives would be subject to the interests of shareholders. One mechanism is to provide remuneration to its executives. Agency theory (Jensen and Meckling, 1976) reveals that remuneration is a way to unify the different interests between stockholders and managers. One of the factors affecting the remuneration is firm performance. Firm performance is an achievement which is produced by a company based on certain standards within a specific time period (Nigerian code of corporate governance 2018). The Board guarantees that the Company remunerates decently, mindfully and straightforwardly so as to advance the accomplishment of key targets and positive results within the brief, medium and long term. Companies should adopt a structure of connecting rewards to corporate and individual performance and include the significant components relating to long term corporate performance such as stock option and bonus (Nigerian code of corporate governance, 2018).

Board Size

It is the obligation of the board of directors to ensure that the business is getting a charge out of greatest benefits of prevailing events and guaranteeing that the financial worth of the organization is upgraded, being fruitful and its capacity to form choices that influence the administrators unimaginably solid (Uwuigbe & Fakile, 2012).

The board should check the behaviours of managers for owners' welfare, decide on crucial issues, hire set of administrative officers and oversee that organizations adhere to the rule while taking responsibility for managing and supervising (Esra & Allam, 2015). The Board of Directors uses its powers and responsibilities within the structure of legislation, main contract, regulations and policies, and represents the company in line with the authority given to it at the general meeting of shareholders (Dogan & Yildiz, 2013). The financial worth of an organization would advance be upgraded as the board carries out its capacities which incorporate supervision of the operations of authoritative officers choosing the representatives of an endeavor, designating and observing the exercises of an independent reviewer to boost the worth of the company (Uwuigbe & Fakile, 2012).

When the number of board membership goes up, there would be possibility for divergent opinions which could result in more confusion among board membership (Jackie, Francesco, & Jacques-Laurent, 2013). Past studies on this concept watched that organizations select measure of board to form balance between the necessities for convenient counsel and the money related suggestions of keeping up huge board membership (Cheema & Noise, 2013). The board of Directors performs its duties in the form that it would ensure and provide a long term and stable earnings to the company shareholders while aiming at the maximization of market facilities by the companies (Dogan & Yildiz, 2013).The board includes internal and external directors, whose role includes chief executive officers' and organizational administrators' regulation in order to boost the economic worth of the company.

A effective Company is headed by an successful Board which is capable for giving entrepreneurial and vital authority as well as advancing moral culture and capable corporate citizenship. As a link between

stakeholders and the Company, the Board is to exercise oversight and control to ensure that management acts in the best interest of the shareholders and other stakeholders while sustaining the prosperity of the Company (Kojima, Bishnu, & Le, 2020).

CEO/Chairman Duality

Different theoretical arguments have been used either to support or to challenge CEO duality. Drawing on agency theory, CEO duality reduces the checking part of the board of chiefs over the official supervisor, and this in turn may have a negative impact on corporate execution. On the other hand, the stewardship hypothesis stresses that a solidarity of command of a CEO leads to an unambiguous administration over subordinates and, subsequently, actuates successful decision-making (Kurawa,2014). Other researchers such as Lasisi , (2018) suggest that there is no one optimal leadership structure as both duality and separation perspectives have related costs and benefits. Olabisi, Agbetunde, Urel, 2020) show that upon the announcement of CEO duality, the stock market adversely reacts to the news, supporting the claim that CEO duality weakens the monitoring role of the board. CEO duality has also been linked to other signs of ineffective governance, such as in the cases of antagonistic takeovers or in the cases of the use of "poison pills" (Olayiwola, 2018). As the chairman serves as the official, playing parts of decision-maker and administrator at the same time, the board may lose its freedom and observing control, subsequently performing a powerless work.

Gender Roles

It is important to note that men and women tend to differ. Not only in their actual social behavuor but also especially in the way they are expected to behave in society. These expectations partly form gender roles, which are shared beliefs about the attributes of women and men. These beliefs also describe qualities and behavioral tendencies believed to be desirable for each sex (Eagly, 1987). According to social role theory, sociologists conclude that there is a match between the types of action people engage in and their inner disposition, meaning that men and women possess the personal qualities that are apparently required to undertake the activities that they commonly perform in their task focused and making problem focused suggestions (Yaser Fallatah, 2015). People in leadership positions occupy leader roles defined by their position in a hierarchy, but they are also somewhat constrained by their gender roles. It is therefore likely that female and male occupants of the same organizational role behave somewhat differently because of gender role influences.

Many researchers have explored the relationship between women in leadership on board of directors, and the economic performance of firms. Yet, there is no general agreement about the direction and strength of these relationships (Miriam, Ngwenze & Morris (2017) although more positive relationships have been found in recent studies. Several studies have found positive relationships between female representation in top management and firm performance. In an extensive study of 215 Fortune 500 firms over a 19-year period, Adler (2001) found a strong correlation between female-friendly firms and high profitability. Female board members are examined very often in empirical studies. The female board members reflect a diversified characteristic of the board. In addition, Adegoke, (2013) considered three diverse reasons to recognize the significance of females on a board. To begin with, female board individuals as a rule have distant better; a much better; a higher; a stronger; an improved, an improved understanding of a advertise in comparison with male individuals. As such, this

understanding will upgrade the choices made by the board. Moment, female board individuals will bring way better pictures within the discernment of the community for a firm and this will contribute emphatically to firm's execution. Third, other board individuals will have upgraded understanding of the commerce environment when female board individuals are designated. In addition, this consider too shown that female board individuals can emphatically influence career improvement of junior female staff in a trade.

Market Share Price

Also, many scholars have attempted to define share price. For instance, Adegoke, (2013) sees Share price as a price at which one unit of a company's share is sold. The share price can be computed by adding up the daily average share prices of the companies under study and dividing the result by the number of days the shares are being traded. In addition, share price is most of the times used as a benchmark to gauge firm's performance and its variations as a pointer of the economic status or otherwise of a company, hence the need to be acquainted with the indicators that could negatively affect share prices. In addition, investment in equity shares is one of the major ways of venture that yields significant returns to investors. It is additionally a monetary capital source prerequisite of firms. Returns from value speculations are subject to vary since of the share costs development, that depends on various pointers which may be firm particular and inside such as book esteem, profits outside markers such as Gross Domestic Product, and interest rate.

Abdolreza (2016), never saw any reason to cast doubts on the fact that different factors exist which influence share price movement/volatility. Hence, they went on to enumerate some of such notable factors to include arrival and disclosure of new information, demand and supply forces, investor psychology, economic strength of the market, as well as uncertainty about the future economic outlook.

According to Adegoke (2013), shares are equities that allow investors to invest their money into a company's share profile with the hope of getting a higher return than that of a savings account or bonds in a bank. It represents an investor's claim on the company's asset and earnings. As one acquires more shares in a company, his/her ownership stake, and in fact the desire to acquire more stakes in the company becomes greater.

Also, according to Agbaeze and Ogosi (2018), share price is the price of a single share of a number of saleable stocks of a company, derivative or other financial assets. Market share price of a company is the amount a company places on their shares for investors to pay per share in a particular year. According to Agu (2018), the share price placed by a company on a share most times depends on the performance of the company in the previous year.

Theoretical Framework

Agency Theory

This study is anchored on agency theory; this was selected because of their relevance to the composition of the hierarchy of corporation and the functions of the directors, with respect to good corporate governance. Agency theory was developed by Jensen and Meckling in 1976 and they defined the agency relationship as a form of contract between a company owner and its managers ,where the owners (as principal)appoints an agent (the managers) to manage the company

on their behalf as a part of this arrangement the owners must delegate decision- making authority of the management, this suggests that the governance of a company is based on the conflicts of interest between the company's owners, shareholders, its manager and major providers of debts finance, each of these groups has different interest and objective. The shareholder needs to extend their salary and riches, their intrigued is with the returns that the company will give within the shape of profits conjointly within the esteem of their offers, the esteem of their offers depends on the long-term money related prospect of the company. Shareholders are in this manner concerned almost profits but they are indeed more concerned with almost long-term benefit and money related prospect, since this influences the esteem of their shares.

The management are employed to run the company on behalf of the shareholders, however if the manager do not own share in the company they have no direct interest in future returns for shareholders or in the value of the shares, managers have an employment contract and earn a salary, unless they own shares or unless their remuneration is linked to profit or share values their main interest are likely to be the size of their remuneration package and their status as company managers.

The owners expect the agents to act in the best interest of the owner. The contract between the owner and the managers should ensure that the managers always act in the interest of the owners. However, it is impossible to arrange the perfect contract because decisions by the managers (agent) affect their own personal welfare as well as the interest of the owners. This raises a fundamental question, how can managers, as agents of their companies be induced or persuaded to act in the best interest of the shareholders.

Empirical Review

Mayowa, Olusola, and Olaiya, (2021) examined the effect of corporate governance on firm performance utilizing the accounting measures based on the profitability status of the companies depending on cash streams and influx from the income statement. In a test of chosen consumer goods companies, the study uncovered that board size has positive critical impact on return on sale. Board size and board independence has positive significant effect on profit margin. It also revealed that board size and board independence have negative significant effect on operating cash flow. Based on the discoveries, it is prescribed that the organization ought to take cognizance of its board measure since it impacts the rate of turnover which is an inborn component of the by and large performance of the organization.

Kojima, Bishnu and Le, (2020) investigated the relationship between corporate governance and financial performance of publicly listed family and non-family firms within the Japanese manufacturing industry. The study gets information from Bloomberg over the period 2014–2018 and covers 1412 firms comprising of 861 non-family and 551 family firms. Our results appear that family firms outflank non-family partners in terms of return on assets (ROA) and Tobin's Q when a univariate investigation is conjured. On multivariate investigation, family firms appear predominant performance to non-family firms with Tobin's Q. Be that as it may, family possession nullifies firm performance when ROA is taken into consideration. With respect to the effect of governance components on Tobin's Q, organization shareholding shows up to be a critical and positive calculate for advancing the performance of both family and non-

family firms. Besides, board size energizes the performance of non-family firms, whereas such impact is not watched for family firms. In terms of ROA, foreign ownership rouses the performance of both family and non-family firms. Besides, government ownership invigorates the performance of family firms, whereas board autonomy altogether refutes the same. Other than, we discover that the performance of family firms run by the founder's relatives is predominant to that of family firms run by the originator.

Olabisi, Kajola, Oladejo, Ojeaga and Abass (2020) examined the relationship between board characteristics and performance of quoted Nigerian consumer goods firms. This study embraced chronicled investigate plan and ten firms were chosen from the populace of twenty-seven Nigerian listed consumer products firms, as at 2017, utilizing basic random testing technique. Secondary information over a period of seven a long time (2011-2017) was gotten from the yearly reports of the chosen firms. Investigation was performed on data collected receiving Auto Regressive Distributed Lag (ARDL) Regression and other post estimation methods to decide the presence of relationship between the variable. The results of the study appeared noteworthy connections between board freedom, board diligence and performance of customer goods firms ($p<0.05$). In any case, there's immaterial relationship between board size, board composition and performance of customer products firms ($p>0.05$). The study concluded that standard board gatherings and board autonomy play critical parts in opportune choice makings that influence the generally firm's objective. Subsequently, the study prescribed a normal board gatherings and board autonomy that will be productive in taking imperative choices that influence the firm's by and large performance.

Olabisi, Olowookere and Agbetunde, (2020) evaluated the affiliation between corporate governance and value relevance of financial statement of Nigerian listed customer products firms. Authentic information were produced from the financial statements of the 10 examined firms over a period of 10 a long time (2010- 2019). Random effects least squares technique was the estimation technique adopted. Corporate governance was measured with board composition, board due diligence, audit committee independence, board size and firm size, while market value of share was the surrogate for value relevance. The results of the study showed that board due diligence; audit committee independence; board size were relevant to market value of shares of sampled firms while board composition was not relevant. The study concluded that frequencies of meeting, audit committee autonomy and board size affected market value of share. Subsequently, the study recommended that shareholders and administrative bodies ought to consolidate recognized important instruments of corporate governance.

Ndum and Oranefo, (2021) surveys corporate administration and firm performance: a study of aggregates in Nigeria. Ex-post Facto inquire about plan was received. The populace constituted the aggregate firms in Nigeria. Information for this study were sourced from yearly reports and accounts of the firms. Relapse investigation was utilized in testing the theories. From the examination, our discoveries uncovered that audit committee and board composition tirelessness have positive immaterial impact on return on assets of combinations firms in Nigeria. The study recommended that it is necessary for listed firms to consider an appropriate and competitive compensation

level of board's members. The compensation will provide a better link between shareholders and firm's management and this link will enhance firm's performance to maximize shareholders' value

Olayiwola, (2018) examined the impact of corporate governance (CG) on the performance of companies. The destinations of this study were to individually analyze and decide, separately and together, the impact 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 strategy and information extricated from the yearly reports of these firms from year 2010 to 2016. A panel data regression was utilized to analyze the information. CG was proxied with board size (BS), board composition (BC) and audit committee measure (ACS) whereas performance was proxied with net profit margin (NPM). Discoveries uncovered that board size had a critical negative relationship with NPM, board composition had a noteworthy positive relationship with NPM, audit committee measure had an immaterial relationship with NPM and board estimate, board composition and audit committee estimate had a significant joint impact on NPM. In this way, it was concluded within the study that littler board size will increment performance and the board composition ought to comprise more of the non-executive directors whereas the audit committee too ought to be looked into from time to time.

Ogbodo and Omonigho, John-David (2021) investigated the relationship between corporate governance and tax avoidance of quoted consumer goods manufacturing firms in Nigeria. Specifically, the study sought to examine the effect of board size, and CEO duality on effective tax rate. The study adopted the Ex Post Facto research design. The population comprised of all quoted consumer goods manufacturing firms on the Nigerian Stock Exchange (NSE). The sample was purposively drawn from all the consumer goods manufacturing firms of the NSE. Data were obtained from annual reports and accounts of the quoted companies. The study used both descriptive and inferential statistics to analyze the data. The hypotheses were tested using Regression analysis technique with aid of E-view 9.0. From the analysis, the study found that there is a positive relationship between board size, CEO duality and effective tax rate of quoted consumer goods manufacturing firms, and this relationship is not statistically significant. The study therefore recommended among others that Moderate board sizes: Since an overly large board size may not improve the efficiency of decisions, the firm should maintain optimum board size level and not exceed the sufficient number necessary to drive the company through its vision.

Agbaeze and Ogosi, (2018) studied the relationship between Corporate Governance and Profitability of Nigerian Banks, Profitability was measured by profit after tax while the number of members in the board was used as a measure of corporate governance. The number of employees was introduced as a control variable multiple panel of data analysis was used. Findings revealed that the number of employees had positive and significant impact on profitability of Nigerian banks.

Nhung and Nguyen (2017) examined the impacts of corporate governance on firm performance, this study investigates the relationship between corporate governance and financial performance of listed Singaporean companies, data were collected from 137 listed companies for the period of four years from 2013 to 2016, in this research, corporate governance is driven by a

wide range of variables, which include the dual role of CEO, board size and board independence. Findings show that there is an inverse association between board size and firm performance; however, no significant relationships were found between board dependence, CEO duality and company financial performance.

Gaitan (2017) examined the effect of the corporate governance on productivity under different business environment using 670 firms-year observations during the period of 2006 to 2014, showing the board size, gender diversity, intuitional ownership and presence of independent directors. The study reveals statistically significant nonlinear relationship between board size and productivity, intuitional ownership has a positive effect on productivity, board independence has a negative effect on productivity finally a high proportion of female directors relates negative to productivity.

Ngwenze, and Kariuki (2017) examined the effect of corporate governance practices on financial performance of listed agricultural firms in the Nairobi Securities Exchange, Kenya**.** The researcher used a descriptive correlation research design to determine the relationship between corporate governance practices and financial performance. The study findings reveal that corporate governance practices have no significant influence on ROE and ROA of listed agricultural firms in Kenya.

Okoye, Evbuomwan, Achugamonu and Araghan, (2016) studied the impact of corporate governance on the profitability of Nigerian banking sector. Return on equity (ROE) and return on assets (ROA) were adopted as proxies for banking sector profitability while capital adequacy ratio (CAR), liquidity ratio (LQR) and ratio of non-performing loans to total loans (NPL) were adopted as proxies for corporate governance, ordinary least square analytical techniques was adopted. Study findings shows significant impact of corporate governance on the performance of the Nigerian banking sector.

RESEARCH METHODOLOGY

The researcher adopted *ex-post facto* design in the study. The study employed secondary data which were sourced from the financial statements of the selected listed consumer goods companies in Nigeria. The target population of the study comprised of six (6) listed consumer goods companies in Nigeria, namely, Dangote sugar plc, Nestle Nigeria plc. Cadbury Nigeria plc, Flour Mills Nigeria, plc, Honeywell flour Mills plc, Champion plc,

The panel data analysis for the multiple regression models that explained the APriori relationship between corporate governance dynamics and performance of consumer goods firms and the analytical tools used for the analysis are the descriptive statistics analysis, correlation and the multiple regression analysis.
.

Model Specification

The study adapted the model of Ngwenze and Kariuki (2017)

The Model is stated thus:
MVS= f (DRM, BSZ, BDL)
Where:

MVS= Market value of share

BSZ = Board Size

BDL = Board Duality

The model is modified as follows

MVS= f (DRM, BSZ, BDL, GDV)

The Econometric Equation Form of the Model is:

$MVS = \beta_0 + \beta_1 DRM + \beta_2 BSZ + \beta_3 BDL + \beta_4 GDV + \mu$- - - - - - - - - - -1

Where:

MVS= Market value of share

DRM = Director's Remuneration

BSZ = Board Size

BDL = Board Duality

GDIV = Board Gender

RESULTS AND DISCUSSION

Descriptive Statistics

Table 1 Descriptive Statistics

	MVS	DRM	BSZ	BDL	GDV
Mean	*0.156175*	*7.091495*	*8.406804*	*7.818365*	*33.39546*
Maximum	*0.236000*	*15.50000*	*11.00000*	*15.00000*	*45.59000*
Minimum	*0.090000*	*3.000000*	*6.000000*	*18.41000*	*0.000000*
Std. Dev.	*0.126025*	*11.16552*	*12.45583*	*15.50235*	*21.41302*
Jarque-Bera	*13.46578*	*30.11481*	*18.58473*	*73.30832*	*6.554159*
Probability	*0.000782*	*0.000000*	*0.000092*	*0.000000*	*0.037738*
Sum	*29.69900*	*687.8750*	*844.5600*	*3474.380*	*4209.360*
Sum Sq. Dev.	*1.524704*	*11968.22*	*14894.17*	*23070.99*	*44017.65*
Observations	*60*	*60*	*60*	*60*	*60*

Source: E-view 8

The study observed from the descriptive statistics result that the selected firms have average market value of share of 15.6 percent, maximum and minimum value of 23.6 percent and 9 percent respectively.

Director remuneration has a mean value of 7.09 maximum values 15.50 and minimum values are 3.000 respectively. These values indicate that on the average, director of consumer goods firms' remunerations is about 7.1 percent of the operating cost of their firms.
The result also shows average of board size in consumer goods firms in Nigeria maintain about 8 members. In some of the firms, they maintain lager boards members (11 members) while some maintain a minimum board member of 6. If board size directly affects the level of performance, those firms with lager board size would have performed better than the other firm.

The result shows that on the average, about 7.81 percent of consumer goods firms' director perform dual function. The number shows that in most of the consumer goods firms used in the study, the director does not operate a dual position/ function as director. The Board gender diversity result shows that on the average, about 33 percent of the board members of consumer goods firms are female. Gender diversity has a minimum and maximum value of 33.3 and 45 percent respectively, those values reveals the presence of female in the board is far less than the number of their male counterpart.

Finally, the Jarque – Bera (JB) which test for normality shows that director remuneration, board size, board duality and growth in sales are normally distributed at 1 percent and 4 percent for gender diversity. The result means that all the explanatory variables are normally distributed, hence no presence of outlier.

Table 2. Correlation analysis

	SRW	DRM	BSZ	BDL	GDV
MSV	*1.000000*				
DIREMU	*-0.211078*	*1.000000*			
BODSIZE	*-0.282136*	*-0.145651*	*1.000000*		
BODDUAL	*0.097123*	*0.100016*	*-0.310316*	*1.000000*	
GENDIV	*0.003675*	*0.345046*	*-0.302528*	*-0.438022*	*1.000000*

Source: e-view 8

The findings from the correlation analysis table, shows that market value of share has a positive relationship with board duality and gender diversity. The positive relationship between market value of share, and board duality; market value of share and gender diversity indicates that the market value of share is positively related with the duality function of the director. Gender diversity is positively related to market value of share, the more female member they have in board, the higher the growth in sales. The negative relationship between market value of share and director remuneration, sales growth and board size reveal that director remuneration is negatively related with market value of share. Thus, the higher the director remuneration the better the market value of share. Market value of share is negatively related with board size this shows that board size can affect the level of market value of share. Director remuneration is negatively related to board size and positively related to board duality and gender diversity. This

reveals that in consumer goods firms, the higher the director remuneration higher the possibility of board duality and gender diversity.

In checking for multi-co linearity the study noticed that no two explanatory variables were perfectly correlated. This indicates the absence of multi-co linearity problem in the model used for the analysis and also justifies the use of the ordinary least square.

Fixed and Random Effect Test

The summary result of multiple regression analysis is presented below. However, the study takes into cognizance the homogeneity nature of the data, hence the need for testing its effect on the data. The study therefore used Hausman effect test to select between fixed and random effect that is best to be adopted in the study. Below is the summary of the Hausman test result, details of the result is presented in appendix.

Table 3 ***Correlated Random Effects - 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	*5.347202*	*4*	*0.1714*

Cross-section random effects test comparisons:

Variable	*Fixed*	*Random*	*Var(Diff.)*	*Prob.*
MVS	*0.051648*	*0.045774*	*0.000011*	*0.1765*
BSZ	*0.150914*	*0.141147*	*0.000969*	*0.7537*
BDL	*0.021635*	*0.040358*	*0.000117*	*0.2831*
GDV	*0.063969*	*0.049276*	*0.000123*	*0.1853*

Source: E-view 8

The Hausman test result shows a chi-square value of 5.3472 and probability value 0.1714, the chi-square value is greater than 10. Based on the result, the study accept the random effect and reject the fixed effect, hence we use the random effect to correct the problem of homogeneity in the pool data used for the study. Table 4.4 below is the summary of the regression result adjusted for fixed effect.

Hypothesis Testing

To evaluate the effect of corporate governance dynamics and performance of consumer goods firms and to test our formulated hypotheses, the study used the multiple regression analysis.

Table 4 Regression analysis

Variable	*Coefficient*	*Std. Error*	*t-Statistic*	*Prob.*
C	***0.388305***	***0.082929***	***4.682380***	***0.0000***
DRM	***0.302746***	***0.011398***	***1.964649***	***0.0525***
BSZ	***0.123555***	***0.001445***	***2.460367***	***0.0157***
BDL	***0.000484***	***0.001232***	***0.393094***	***0.6952***
GDV	***0.000351***	***0.000923***	***0.380171***	***0.7047***
R-squared	***0.512601***	***Mean dependent var***		***0.242614***
Adjusted R-squared	***0.463584***	***S.D. dependent var***		***0.117222***
S.E. of regression	***0.113896***	***Sum squared resid***		***1.193453***
F-statistic	***2.629639***	***Durbin-Watson stat***		***1.868834***
Prob(F-statistic)	***0.039328***			

Source: E-view 8

In table 4.4 above, the study observed from the market value of share model result that the R-sq of 0.5126 and R-sq (adj) 0.4636, respectively. This value indicates that corporate governance dynamics variable explains about 46.36 percent changes in market value of share of consumer goods firms used in the study. The F-statistics value of 2.6296, and its probability value of 0.0393, shows that the regression model is well specified and the specification is statistically significant at 5% levels. The Durbin Watson value reveals that there is no presence of autocorrelation in our model.

Hypotheses 1: Director's remuneration has no significant effect on performance of consumer goods firms in Nigeria

The analysis result showed a coefficient value of 0.3027 and a P-value of 0.0525. The coefficient value which reveals the extent of effect that director's remuneration has on the performance of consumer goods in Nigeria. The result shows a positive value of 0.3027, this reveals that Director's remuneration has positive effect on the performance of consumer goods firms in Nigeria. This shows that higher director remuneration can lead to higher market value of share in consumer goods firms in Nigeria. The probability value of 0.0525 shows that the effect of director's remuneration on market value of share of consumer goods firms in Nigeria is statistically significant. Based on the analysis result, the study accepts the alternate hypothesis and therefore concludes that, Director's remuneration has significant effect

on the performance of consumer goods firms in Nigeria

Hypothesis 2: Board size has no significant effect on the performance of consumer goods firms in Nigeria

The analysis result showed a coefficient value of 0.1236 and a P-value of 0.0157. The coefficient value reveals that board size positively affect the performance of consumer goods firms in Nigeria. This reveals that higher board size the better the market value of share of consumer goods firms in Nigeria. The probability value shows that the effect of board size on the performance of consumer goods firms in Nigeria is statistically significant. Based on the analysis result, the study accepts the alternate hypothesis and therefore concludes that, board size has significant effect on the performance of consumer goods firms in Nigeria

Hypothesis 3: Board duality has no significant effect on the performance of consumer goods firms in Nigeria

The analysis result showed a coefficient value of 0.00048 and a P-value of 0.6952. The coefficient shows a positive value, this value reveals that board duality can positively influence the market value of share. The value indicates that board duality can positively affect the level of market value of share of consumer goods firms in Nigeria. Based on the analysis result, the study rejects the alternate hypothesis and accepts the null hypothesis, it therefore concludes that board duality has no significant effect on the performance of consumer goods firms in Nigeria

Hypothesis 4: Gender diversity has no significant effect on the performance of consumer goods firms in Nigeria

CONCLUSIONS

This study examined the effect of corporate governance dynamics and performance of consumer goods firms (Nigeria Experience). The result of the study revealed that director's remuneration has significant effect on the performance of consumer goods firms in Nigeria, board size has significant effect on the performance of consumer goods firms in Nigeria board duality has no significant effect on consumer goods firms in Nigeria and gender diversity has no significant effect on the performance of consumer goods firms in Nigeria. The study therefore submits that corporate governance dynamics has improved the performance of consumer goods firms in Nigeria

The study therefore recommends that:

1. Consumer goods firms in Nigeria should determine the optimum payment that will not affect market value of share of consumer goods firms in Nigeria
2. Consumer goods firms in Nigeria should not select their board size below the mean value, Consumer goods firms should select size of board to create equilibrium between the requirements for timely advice and the financial implications of maintaining large board membership
3. Consumer goods firms in Nigeria should not be in a hurry to assign more than one responsibility to each of the directors since it has no significant effect on market value of share
4. Consumer goods firms in Nigeria should not focus on gender diversification so much since it has no significant effect market value of share

REFERENCE

Abdolreza, G. (2016). An investigation on the relationship between corporate governance and growth strategy with value creation in Tehran. *International journal of accounting and taxation.* 4 (2) .79-97. Online at hattps:// doiorg/10.15640/ijat.v4n2ab.

Adegoke J. F (2013). Corporate governance and productivity in Nigeria manufacturing industries. https:// www.semantics scholar. org

Agbaeze E K & Ogosi Chinedu Daniel (2018). Corporate governance and profitability of Nigerian banks. *European journal of scientific research* issn 1450-216x/1450-202x, 148 (3) 358-367

Agu zain (2018). Problem of agriculture in Nigeria and solutions. Available Online at hattps;//www.youtube.com/watch

Assskinyomi O. J (2015). Corporate governance and profitability of Nigerian banks- *Asian Journal of Finance & Accounting* ISSN 1946-052X 2015, 7 (1).

Brickley, J, Coles, J, & Linck, J (1997). What happens to CEOs after they retire?

Brunello Giorgio, Clara Graziano & Bruno Parigi (2001). "Executive remuneration and firm performance in Italy." *International Journal of Industrial Organization 19 (January): 133-61*.

Cheema K. U, & Din M. S (2013). Impact of corporate governance on performance of firms: A case study of cement industry in Pakistan. *Journal of Business and Management Sciences,* 1(4), 44-46.

Cooper, D., & Schindler, P (2008). *Business Research Method* (7th Ed): New conglomerates in Nigeria: *International Journal of Business & Law Research 9(2):11-23, April-June, 2021.*

Dogan M., & Yildiz F (2013). The impact of the board of directors' size on the bank's performance: Evidence from Turkey. *European Journal of Business and Management*, 5(6), 130-140.

Duc & Thuy (2013). Corporate governance and firm performance: empirical evidence from Vietnam.

Esra ahmed1 & Allam hamdan (2015*).* The impact of corporate governance on firm performance: evidence from Ephraim stock exchange / *European journal of business and innovation research* .3(5) .25-48, published by European centre for research training and development uk (www.eajournals.org).

Gaitan Riano (2017). The corporate governance and productivity under different business environment. *Evidence in Latin America https:// www. ssrn.com.*

Jackie, K. Y. Francesco, Q & Jacques-Laurent, R. (2013). Corporate governance, value and performance of firms: New empirical results on convergence from a large international database: *Journal of Management and Governance*, 6(2), 111-130.

Jensen,M.& W. Meckling(1976). The theory of firm managerial behavior, agency cost and ownership structure. *Journal of financial economics*

Journal of Financial Economics, *52*, 341–377.

Kojima, K., Bishnu, K. A & Le, T. (2020). Corporate governance and firm performance: A Comparative

Analysis between Listed Family and Non-Family Firms in Japan: international journal of risk and financial management 3 (5)5-30

Kurawa (2014). Executive compensation and financial performance in Nigeria executive. *journal publishing house*.

Lasisi, Okpanachi, Lateef (2018). Firm growth and profitability: an empirical study of listed agricultural and agro allied companies in Nigeria. *Saudi journal of business and management studies* (sjbms) issn 2415-6663 (print) scholars middle east publishers issn 2415-6671 (online), http://scholarsmepub.com/.

Mayowa, E. A., Olusola, E. O. & Olaiya, K. I. (2021). Corporate governance and firm performance of listed consumer goods companies in Nigeria: *Asian Journal of Economics, Business and Accounting*, Page 58-70 DOI: 10.9734/ajeba/2021/v21i1530478 Published: 13 October 2021

Miriam k. Ngwenze & Morris Irungu kariuki (2017*). Effect of corporate governance practices on financial performance of listed agricultural firms in the Nairobi securities exchange, Kenya journal of economics and finance* (iosr-jef) e-issn: 2321-5933, p-issn: 2321-5925. *8(3).106-115 www.iosrjournals.org* doi: 10.9790/5933-080304106115

Mohammed, I & Buhari, B. A. (2019). Corporate governance and financial performance of listed non-financial companies in Nigeria:

Ndum, N. B. & Oranefo, P. (2021). Corporate governance and firm performance: a study of

New evidence on career concerns, horizon problems, and CEO incentives.

Nhung Hong vu & Thuy Nguyen (2017*). Impacts of corporate governance on firm performance empirical study of listed Singaporean companies*

Nigerian code of corporate governance (2018).

Ogbodo, O. C. & Omonigho, A. John-David (2021). Corporate governance and tax avoidance of quoted consumer goods manufacturing companies in Nigeria:

Okoye L. U, Evbuomwan G.O, Achugamonu U, & Araghan,I.(2016). Impact of corporate governance on the profitability of the Nigerian banking sector. *Esut journal accountancy, department of accountancy* 7 (1). Enugu state university of science and

Olabisi, J., Olowookere, J. K., Agbetunde, L. A., Urel, O. A. (2020). Corporate governance and value relevance of financial statement of Nigerian listed consumer goods firms. *Izvestiya Journal of Varna University of Economics, 64 (4), p. 399 - 414. DOI: 10.36997/IJUEV2020.64.4.399*

Olayiwola, K. T. (2018). The effect of corporate governance on financial performance of listed companies in Nigeria:

Uwuigbe O. R & Fakile, A. S. (2012). The effects of board size on financial performance of banks: A study of listed banks in Nigeria. *International Journal of Economics and Finance, 4(2), 260-267.s.*

Yaser A. Fallatah (2015*).* CEO Compensation, Firm Performance and Corporate Governance: *An Empirical Investigation of Saudi Arabian Companies*

York: McGraw-Hill.