CHAPTER ONE
INTRODUCTION

1.1 Background to the Study

Corporate governance is a global concept that has captured the interest of the world and has grown up to become a major issue and a policy agenda for many companies and government agencies. Good corporate governance practice has become essential for improving firm's performance, ensuring shareholders' rights and interests, enhancing the investment atmosphere and encouraging economic development (Braga-Alves & Shastri, 2011). Similarly, the proliferation of global events concerning high-profile fraudulent financial scandal by well-known companies of the world in recent pass, which led to their failure and eventual collapsed of these companies, has equally brought to the fore, the need for the practice of good corporate governance as a means of increasing firm's performance. Hence, the advocacy for good corporate governance practice has succeeded in attracting a good deal of local and international attention because of its apparent importance for the economic health of companies and the immense contribution it has in the economic growth and development of a nations (Claessens & Yurtoglu, 2012).

The modern corporation has ensured the divorce of ownership from management (Okaro & Okafor, 2010). The issue of separation of management and ownership resulting in disperse of shareholders in modern company has equally added another impetus that has intensified the clamour for good corporate governance practice to be established in order to check-mate the excesses of management interest. In practice, the interest of those who have effective control over a firm (managers or agents) may not align with the interest of those who supply the firm with finances (shareholders or principals). The so called 'principal-agent' problem is reflected in

management pursuing activities which may be detrimental to the interest of the shareholders of the firm and society at large (Mensah, 2000). Given this possibility, it is generally believed that to manage the excesses arising from the principal-agent relationship, good corporate governance must be entrenched as a foundation for good corporate performance. The primary objective of corporate governance is to align managerial interest with that of stakeholder's interest, so that manager's work in the best interest of the stakeholders (Nworji, Adebayo & David, 2011, cited in Okaro, Okafor & Okoye, 2015, p. 106). Hence, it has been argued by researchers that poor corporate governance practices invariably result to the failure of firms (Enofe & Isiavwe, 2012).

The understanding of the subject matters 'corporate governance' by advocates, is that, it is concerned with the promotion of a culture in which the directors give priority to the pursuit of the best ethical practice in the management of an organization. Hence, Okoye and Ofoegbu, (2011) said that corporate governance is the rules and laws that govern the relationships between managers and shareholders of companies, and the application of these rules and laws towards the achievement of the entity's goal. However, corporate governance focuses on many aspects of management practices including accountability of the directors, transparency in the disclosure of the company's affairs, honest approach to the management of risk, recognition of all stakeholders' interest and sincerity of purpose in the establishment of audit committees, conduction of annual general meetings (AGMs) and encouragement of effective and efficient financial reporting. Glossary (2013), observes that corporate governance is about promoting corporate fairness, transparency and accountability. The Organisation for Economic Cooperation and Development (OECD) also stated that the basic principles of corporate governance are all about promoting corporate fairness, transparency, accountability and responsibility. While, Osaze (2007) as cited in

Ejuvbekpokpo and Esuike (2013), states that the whole essence of corporate governance is to assure transparency, investor protection, full disclosure of executive actions, environmental impact assessment of corporate activities, and full disclosure of executive compensation. In essence, corporate governance promotes fairness, transparency, accountability and responsibility of both the board of directors and managers of a firm. It therefore follows that the retention of public confidence through the enthronement of good corporate governance is of utmost importance; given the role it plays in the proper management of an Organisation.

In view of the importance attached to the institution of effective corporate governance, the Federal Government of Nigeria, through her various regulatory agencies have also come up with various institutional arrangements to protect the investors of their hard earned investment from unscrupulous and selfish directors/managers of listed firms in Nigeria. These institutional arrangements by the Nigerian Government have produced well improved “codes of corporate governance best practices”. Well, amongst the existing codes of corporate governance in the Nigeria corporate business environment are the Central Bank of Nigeria (CBN) code of corporate governance 2014 for banks and discount houses in Nigeria; the National Insurance Commission (NAICOM) Code of 2009 for all insurance and reinsurance companies in Nigeria; the Pension Commission (PENCOM) Code of 2008 for all licensed pension operators in Nigeria, as well as other non-governmental and professional codes of corporate governance. Though, for all of these codes of governance, the improved Security and Exchange Commission (SEC) code of corporate governance is the code used in regulating registered public companies in the Nigerian Stock Exchange (NSE).

The global financial crisis and poor corporate practices by firms in both the financial and non-financial industries in Nigeria which resulted in the failure of some companies was another impetus that led to the resuscitation of the corporate governance codes in Nigeria. Since after the global financial crisis, there have been significant changes in regulations, and relationships between the board of directors, management, and shareholders. This financial recklessness resulting from poor corporate governance practices by directors and management of some companies which Osisioma, (2013) termed 'corporate misadventures' were evidence in the Cadbury Nigeria Plc. financial scandals, the African Petroleum Plc scandal, the banking sector crisis before and after post-consolidation, and the rest of many other corporate scandal experienced in the Nigeria corporate business environment. However, in an effort to curtain these poor corporate governance practice, the Securities and Exchange Commission (SEC) whom responsibility is to regulate the activities of the registered public companies in the Nigeria Stock Exchange (NSE) decided to published the revised Code of Corporate Governance in 2011 in bid to resuscitate the corporate governance code of 2003 after due consultations with other regulatory bodies and stakeholders.

The new code was issued to address the weaknesses of the previous code and to improve the mechanism for its enforceability. These codes proposed that the business of a firm should be managed under the direction of a board of directors who delegates to the Chief Executive Officer (CEO) and other management staff, the day-to-day management of the affairs of the firm. These codes of corporate governance also recommended amongst other; that the board of directors sees to the appointment of a qualified person as the CEO and other management staff. The directors, with their wealth of experience, are expected to provide leadership and direct the affairs of the

business with high sense of integrity, accountability, commitment to the firm, its business plans, and long-term shareholder value. In addition to the above, the boards provide other oversight functions that leads to effective management of the business of the firm. Furthermore, other mechanisms recommended by the corporate governance code include the composition of the audit committee, shareholders' rights and privileges, as well as other committees that will serve the interest of the firm in achieving its objective.

One of the mechanisms of this code of corporate governance requires the separation of the position of the chairman of the board of directors from that of the Chief Executive Officer (CEO). This has been recognized as one of the key issues towards addressing the opportunistic behaviour of managers within the agency theory. Ali (2014), observes that there are a multitude of factors and conditions impacting upon the agency relationships in the firm. In reducing these agency problems, there are two kinds of corporate governance mechanisms suggested in the agency theory which are, the external monitoring corporate governance mechanisms and internal monitoring corporate governance mechanisms. The external monitoring mechanisms are about market for corporate control; the legal system; and the factor of the product market. Meanwhile, internal monitoring mechanisms are about the ownership structure; the firm‘s compensation, board of directors, and financial policies. In Nigeria, among the few empirically studies on corporate governance are the studies of Osisioma, Egbunike and Adeaga (2015); Osisioma (2013); Okaro, Okafor and Okoye (2015); Chukwuemeka, Okechukwu, and Iloanya (2015) and the rest of others. The corporate governance of the banking sector is taken seriously because the banking sector is integral to the whole economy. Hence, the retention of public confidence through the enthronement of good corporate governance remains of utmost importance given the role banks play in the mobilization

of funds, and the allocation of credit or loan to the needy sectors of the economy, the payment and settlement system, and even the implementation of monetary policy. Given the central role that banks play in any economy and the argument that banks are heavily regulated than other firms (Mishkin, 2004), makes this study of corporate governance a fundamental issue, not only for the banking sector, but also for other non-financial firms such as the consumer goods firms used in this study. Consequently, the integrity of both the financial and non-financial institutions in Nigeria is essential in order to maintain investors' and all stakeholders' confidence by adhering to the practice of good corporate governance.

1.2 Statement of the Problem

It has been argued that good corporate governance leads to better firm performance as well as increasing firm value. However, since the failure and collapse of many known companies in the world over, as a result of their involvement in fraudulent financial practices, the importance of good corporate governance has been re-emphasized and awakened. Hence, these have made countries to either introduced stricter corporate governance code or review their already existing codes of corporate governance to meet up with current realities of the global corporate environment.

In Nigeria, the global fraudulent financial scandals equally received a front-page attention through Cadbury (Nig.) Plc. financial scandal, bank post-consolidation crisis, and many other fraudulent financial scandals (Osisioma, 2013). These many challenges of fraudulent financial scandals and irregularities that bedeviled the corporate business environment created a question in the mind of different stakeholders as to the effectiveness of corporate governance codes in Nigeria. Hence, the

quest to improve on the poor corporate governance practice in Nigeria made the regulatory bodies such as the Central Bank of Nigeria (CBN), and especially the Security and Exchange Commission whose responsibility is to regulate the activities of the Nigeria Stock Exchange (NSE) and registered public companies issue a new code of corporate governance in 2011 for all companies operating in the NSE. However, despite the multiplicity of corporate governance codes found in the Nigerian corporate environment, firms still continue to face immense challenges in boosting their financial performance. This development has constantly raised serious doubt and concern as to the adequacy of these corporate governance codes in assuring financial buoyancy of firms, their continual survival as a going concern, and their stability in the ever changing and turbulent corporate environment.

Again, from the empirical perspective, there have been efforts aimed at studying the impact of corporate governance and firms' financial performance. However, most of these empirical studies on corporate governance and firms' financial performance focused on the experience of developed economies (Okpara, 2010; Babatunde & Olaniran, 2009). There is therefore need to deepen research on the subject by bringing into the debate the perspectives and experience of the developing states such as Nigeria. Hence, this study look at the relationship between corporate governance mechanisms and firms' financial performance in a developing country like Nigeria. Also, apart from Okaro, Okafor and Ofoegbu (2013) who in their study carried out an explanatory comparative two-way case study on Cadbury (Nig.) Plc. and the Nigerian Stock Exchange, our parallel study on the banking; and consumer goods sectors, deviates from other previous studies. The study made used of two parallel study sample drawn from two distinct sectors – the heavily regulated banking sector of the financial industry and the consumer goods sector belonging to the

non-financial industry with the aim of carrying out a concurrent analysis to know how corporate governance mechanisms influence firms' financial performance in each of the selected sector used for the study. These two selected sectors for the study were chosen because they have strongly experienced poor corporate governance practice and serious financial scandal, and as such there is need to see how corporate governance practice has actually impacted on their financial performance.

This study was anchored on the agency model, and a number of internal corporate governance mechanisms have been suggested to decrease the agency costs connected with the separation of ownership and control (Jensen and Meckling, 1976; Fama and Jensen, 1983). Therefore, in addressing this study, the study primarily examined the relationship between corporate governance mechanisms (represented by Board Size (BS); Non-Executive Directors (NED); Audit Committee Independence (ACI); Female Board Membership (FBM)) and firms' financial performance (represented by Returns on Equity (ROE); Returns on Assets (ROA); Earnings Per Share (EPS). Consequently, the study seeks to contribute to existing corporate governance literature by carrying out a simultaneous analysis of how the various corporate governance mechanisms influence firms' financial performance in both the banking sector; and consumer goods sector in a developing economy like Nigeria which recently experienced recession and has equally exited the recession.

1.3 Objectives of the Study

The main objective of this study is to conduct a separate and simultaneous investigation on the relationship between corporate governance mechanisms and firms' financial performance on two

distinct sectors - the banking sector; and consumer goods sector in Nigeria. The specific objectives include:

1. To examines the relationship between Board Size and firms' financial performance in both the banking sector; and the consumer goods sector
2. To ascertain the relationship between Non-Executive Directors and firms' financial performance in both the banking sector; and consumer goods sector
3. To determine the relationship between Female Board Membership and firms' financial performance of the banking sector; and consumer goods sector
4. To ascertain the relationship between Audit Committee independence and firms' financial performance in both the banking sector; and consumer goods sector
5. To examines the relationship between Firm Size and firms' financial performance in both the banking sector; and consumer gods sector

1.4 Research Questions

The researcher, having considered the objectives of the study seeks to provide answers to the following questions:

1. What influence does Board Size have on firms' financial performance in both the banking sector; and consumer goods sector?
2. Does Non-Executive Director have any impacts on firms' financial performance in both the banking sector; and consumer goods sector?
3. What impact does Female Board Membership have on firms' financial performance in both the banking sector; and consumer goods sector?

4. Does Audit Committee Independence have any influence on firms' financial performance in both the banking sector; and consumer goods sector?
5. What impact does Firm Size have on firms' financial performance in both the banking sector; and consumer goods sector?

1.5 Hypotheses

In line with the above research objectives, the following null hypotheses were formulated and tested:

1. There is no significant relationship between Board Size and firms' financial performance in both the banking sector; and consumer goods sector.
2. There is no significant relationship between Non-Executive Directors and firms' financial performance in both the banking sector; and consumer goods sector.
3. There is no significant relationship between Female Board Membership and firms' financial performance in both the banking sector; and consumer goods sector.
4. There is no significant relationship between Audit Committee Independence and firms' financial performance in both the banking sector; and consumer goods sector.
5. There is no significant relationship between Firm size and firms' financial performance in both the banking sector; and consumer goods sector.

1.6 Significance of the Study

The study focuses on the relationship between corporate governance mechanism and firm financial performance of listed Deposit Money Banks (DMB) and Consumer Goods Firms (CGF) in the Nigeria. The study shall be beneficial to the following:

Policy Makers: To encourage policy makers, regulators in-charge of the Nigerian corporate environment such as the CBN, SEC and other government agencies in formulating corporate governance codes of international best practices that will improve firm's productivity and better performance.

Decision Makers: The outcome of the study will assist decision makers at the various levels of management especially those in the banking and consumer goods sectors in assessing their performance with respect to their corporate governance practice and find way of improving on them. Also, the study will assist potential and existing investors in managing their portfolio investment for sustainable returns.

The Academia: This study is also useful to researchers as a knowledge bank and reference material on the subject matter 'corporate governance'.

General Public: In general, this study affords other stakeholders the opportunity of gaining some insight and understanding on how corporate governance practice can influence firms' financial performance especially in the Nigeria where this was carried out.

1.7 Scope of the Study

The study focused on corporate governance mechanisms and firms' financial performance with emphasis on carrying out a simultaneous analysis on both the banking sector; and consumer goods sector in Nigeria. The choice of the banking sector and the consumer goods sector were necessitated by the fact that, these two sectors have strong influence on the economic growth of any country, and their services/products are near to the heart of the citizen of a country.

The study was restricted to listed deposit money banks and consumer goods firms that have full compliance status with the Nigerian Stock Exchange. The explanatory variables for the study were equally limited to the internal corporate governance mechanisms, and the financial performance measures of Returns on Equity (ROE), Returns on Assets (ROA) and Earnings Per Share (EPS). The study cover five years period ranging from 2012 to 2016, and this period was chosen in line with when the 2011 code of corporate governance was introduced by Security and Exchange Commission (SEC).

1.8 Limitations of the Study

This study, like any other research work, is equally subject to certain number of limitations. Firstly, being a study on corporate governance and firms' financial performance in Nigeria, is limited to only listed deposit money banks and consumer goods firms in Nigeria Stock Exchange (NSC), hence the issue of generalisation becomes a challenge. Secondly, the study was also faced with the problem of partial and scattered documented information on the subject matters in Nigeria and as such the variables for the study were limited only to some internal corporate mechanisms and accounting performance measures which were found in the annual report of the companies. Thirdly, the study was based on secondary data availability, accessibility and measurability. Finally, the limitation resulting from the problem associated with the state of the mind data that could influence the preparation of the financial report used for the study cannot be totally ruled out, however, the laws guiding the preparation of financial statement makes an audited financial statement/annual report a reliable source of data.

1.9 Definition of Terms

Corporate Governance mechanism: this is also used interchangeably with the corporate governance code. It is the independent variable in the study, and it is made up of five variables- Board size, Non-executive Directors, Female Board Membership, Audit committee independence, and Firm size.

Financial Performance: This is the criterion variable or dependent variable, and it consists of three measuring variables standing as proxies – Returns on Equity, Returns on Assets and Earnings per share.

Return on Equity: Net profit divided by owner's equity or net worth of the business for the year.

Returns on Assets: This refers to earnings before interest and tax over the firm's total assets.

Earnings per Share: The amount per each unit of equity share capital that is in issue and rank for dividend in a particular period.

Firm: These are companies, but the name firm is also used interchangeably with Organisation, corporation, company etc. in the case of this study.

Bank: These are financial institutions, but the name bank is also used interchangeably with firm, Organisation, company etc. in the case of this study.

Parallel survey: separate and concurrent/simultaneous analysis of two distinct sectors in Nigerian economic - the banking sector and the consumer goods sector.

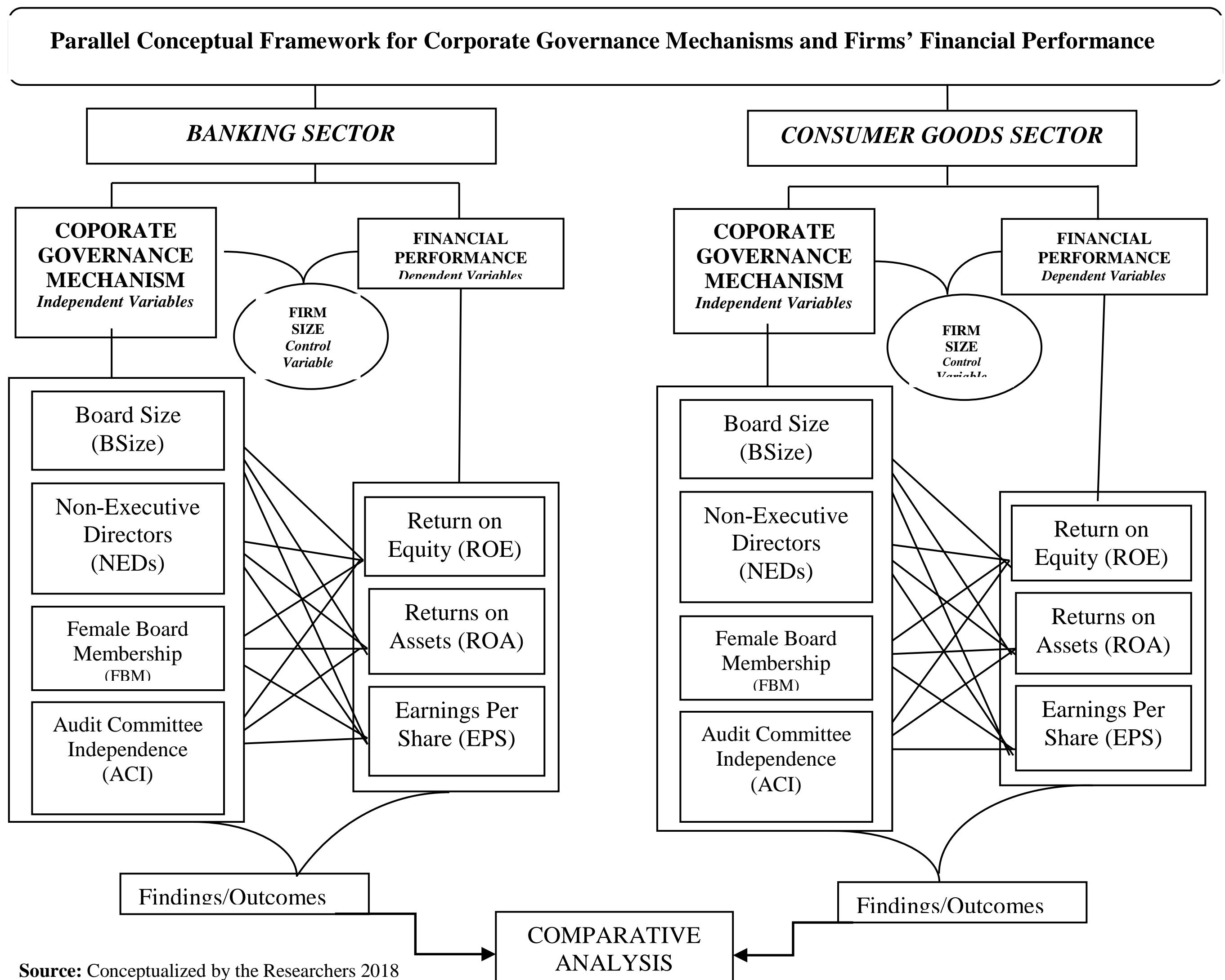
Consumer Goods: These are final goods that is produced or consumed by the consumer to satisfy current wants or need, rather than used in the production of another goods

CHAPTER TWO

REVIEW OF RELATED LITERATURE

2.1 Conceptual Framework

The model below shows the parallel conceptual framework of how the study aimed at examining the impact of corporate governance mechanisms (board size, non-executive directors, female board membership and audit committee independence) moderated by firm size on firms' financial performance measures of Return on Equity (ROE). Return on Assets (ROA), and Earnings Per Share (EPS) in both the banking sector; and consumer goods sector.



Source: Conceptualized by the Researchers 2018

Figure 2.1: Parallel Conceptual Framework

2.1.1 Corporate Governance Concept

The concept of corporate governance has taken it prominent in the committee of nations and in the global business environment especially since after the global financial crisis that made many companies ceased to be a going concern in the world over. The failure and collapsed of well-known companies have actually made stakeholders in the corporate world to revisit the concept called corporate governance. However, from existing extant literature on corporate governance, there has not been one universally acceptable definition of corporate governance. Rather, there are international standards and guidelines on corporate governance which have been established by many Multilateral Organizations' such as the Organisation for Economic Co-operation and Development (OECD) and Basle Committee, in an effort to ensure improved legal, institutional and regulatory framework for enhancing corporate governance practice in institutions such as banks and financial markets (Kibirango, 2002). This difference in the definition of the concept corporate governance is influenced by the cultural, political, economic, and the legal system of the countries in which corporate governance is practiced (Salacuse, 2002).

According to Wikipedia-the free encyclopedia (Corporate-governance.doc. n.d), corporate governance is described as the set of processes, customs, policies, laws and institutions affecting the way in which a corporation is led, administered or controlled. Corporate governance also includes the relationships among the various players. The principal players are the shareholders, management and the boards of directors, while other stakeholders include employees, supplies, customers, banks and other lenders, regulators, the environment and the community at large. The Cadbury Committee headed by Adrian Cadbury also defines corporate governance as a system by which corporations or companies are controlled and directed. The Organisation for Economic

Cooperation and Development OECD (2015) defines corporate governance to involve a set of relationships between a company's management, its board, its shareholders and other stakeholders.

Bhasin (2012) sees corporate governance as the principal processes that set the relationship between the firm management, corporate board, minority and majority shareholders and all stakeholders. Again, Sayogo (2006) defined Corporate Governance as a process where rules and ethical standards govern the relationship in organizations, and its legal framework is developed for achieving the corporate objectives of the firm as all aspects are covered from the stages of planning, internal control, performance evaluation and disclosure of corporate information. Furthermore, Kim and Rasiah (2010) asserts that corporate governance is the relationship among shareholders, board of directors and the top management in determining the direction and performance of the corporation. According to Institute of Chartered Accountants of Nigeria (ICAN) (2009), corporate governance deals with the promotion of a culture in which the directors give priority to the pursuit of the best ethical practice in the management of an organisation. Corporate governance focuses on many aspects of management practices including accountability of the board of directors, transparency in the disclosure of the affairs of the company, honest approach to management of risk, recognition of all stakeholders' interest and sincerity of purpose in the establishment of audit committees and conduct of annual general meetings (AGMs).

According to World Bank, Corporate Governance is a blend of law, regulation and appropriate voluntary private sector practices which enables the corporation to attract financial and human capital to perform efficiently, and prepare itself by generating long term economic value for its shareholders, while respecting the interests of stakeholders and society as a whole. According to

the Central Bank of Nigeria (CBN) code of corporate governance for banks and other financial institutions in Nigeria, corporate governance is the process by which the business activities of an institution are directed and managed. Adeusi, Akeke, Aribaba, and Adebisi (2013), explained that corporate governance is a set of rules and incentives through which the management of an organization is being directed and controlled. However, Lemo (2010) emphasized that corporate governance consists of body of rules of the game by which companies are managed. These views were equally extended by Demaki (2017) who sees corporate governance as an institutional arrangement that checks the excesses of managers by controlling them.

Kajola (2008) defines corporate governance as rules or laws use to ensure that the business is run well and investors receive a fair return. Also, Akinsulire (2006) explained that, corporate governance is a term which covers the general mechanisms by which management is led to act in the best interest of the shareholders’ of the company. Corporate performance according to Adegbemi, Donald, and Ismail (2012) is an important concept which relates to the ways and manners in which the resources (human, machine, finance) of an institution are effectively used to achieve the overall corporate objective of the firm. Hence, corporate governance is concerned with the ways of bringing or aligning the interests of investors and manager in ensuring that firms are run for the benefit of investors as well as other stakeholders. Corporate governance is the system by which companies are directed and controlled, and the boards of directors are responsible for the governance of their companies, with shareholders’ playing the role in the appointment of the directors and the auditors to satisfy themselves that an appropriate governance structure is in place. The responsibilities of the board therefore include setting the company’s strategic aims, providing the leadership to put them into effect, supervising the management of the business and reporting to

shareholders on their stewardship. The Board's actions are subject to laws, regulations and the shareholders in General Meeting. In summary, corporate governance can be seen as rules and laws that embodies the necessary codes or mechanisms for directing the affairs of a company by aligning the interest of all stakeholders with more emphasis on those who directly bears the risk of financing the company. These codes or mechanisms of corporate governance should be global in nature, but should take into consideration the peculiarities of the immediate corporate environment of a nation.

2.1.2 Characteristics of corporate governance

The following are characteristics of corporate governance (OECD, 2004):

i. **Discipline:-** Corporate discipline is a commitment by a company's senior management to adhere to behaviour that is universally recognized and accepted to be correct and proper. This encompasses a company's awareness of, and commitment to, the underlying principles of good governance, particularly at senior management level. "All involved parties will have a commitment to adhering to procedures, processes, and authority structures established by the organization."

ii. **Transparency:-** Transparency is the ease with which an outsider is able to make meaningful analysis of a company's actions, its economic fundamentals and the non-financial aspects pertinent to that business. This is a measure of how good management is about making the necessary information available in a candid, accurate and timely manner – not only the audit data but also general reports and press releases. It reflects whether or not investors obtained a true picture of what is happening inside the company. "All actions implemented and their

decisions support will be available for inspection by authorized organization and provider parties."

iii. **Independence:-** Independence is the extent to which mechanisms that have been put in place to minimize or avoid potential conflicts of interest that may exist, such as dominance by a strong chief executive or large share owner. These mechanisms range from the composition of the board, to appointments of committees of the board, and external parties such as the auditors. The decisions made, and internal processes established, should be objective and not allowed for undue influences. "All processes, decision-making, and mechanisms used will be established so as to minimize or avoid potential conflicts of interest."

iv. **Accountability:-** Individuals or groups in a company, who makes decisions and takes actions on specific issues, need to be accountable for their decisions and actions. Mechanisms must exist and be effective to allow for accountability. These provide investors with the means to query and assess the actions of the board and its committees. "identifiable groups within the organization – e.g., governance boards who take actions or make decisions – are authorized and accountable for their actions."

v. **Responsibility:-** With regard to management, responsibility pertains to behavior that allows for corrective action and for penalizing mismanagement. Responsible management would be, when necessary, put in place what it would take to set the company on the right path. While the board is accountable to the company, it must act responsively to and with responsibility towards all stakeholders of the company.

vi. **Fairness:-** The systems that exist within the company must be balanced in taking into account all those that have an interest in the company and its future. The rights of various groups have to be acknowledged and respected. For example, minority share owner interests must receive

equal consideration to those of the dominant share owner(s). "All decisions taken, processes used, and their implementation will not be allowed to create unfair advantage to anyone particular party."

vii. **Social responsibility:-** A well-managed company will be aware of, and respond to, social issues, placing a high priority on ethical standards. A good corporate citizen is increasingly seen as one that is non-discriminatory, non-exploitative, and responsible with regard to environmental and human rights issues. A company is likely to experience indirect economic benefits such as improved productivity and corporate reputation by taking those factors into consideration.

2.1.3 Corporate Governance Mechanisms

According to Julie (2014) in cited in Adeoye (2015), effective corporate governance mechanisms are essential if a business wants to set and meet its strategic goals. Corporate governance mechanisms are designed to reduce the inefficiencies that arise from moral hazard and adverse selection (Adeoye, 2015). There have been previous studies on the effect of corporate governance mechanisms on firms' financial performance (Lupu & Nichitean, 2011; Khan, Nemati, & Iftikhar, 2011). In their study, Aldamen, Duncan, Kelly, McNamara, & Nagel, (2012) as cited in Abdulazeez, Ndibe, and Mercy, (2016) argue that using proper corporate governance mechanisms (CGMs) such board and audit committee enhances monitoring of management and reduces information asymmetry problems. They asserted that, there are significant literature that has links size, gender diversity, and other characteristics of the board of directors of firms and audit committees to improved firm performance.

Adekoya (2012) defined corporate governance mechanism as "the processes and systems by which a nation's company laws and corporate governance codes are enforced". Hassan (2009) categorized the monitoring of corporate governance mechanisms into three groups which are: i) mechanisms within the company which include; board size, board composition, CEO duality, CEO tenure, CEO compensation, and managerial ownership; ii) mechanisms outside the company which include ownership concentration, debt, and corporate takeovers; and iii) government regulations and rules. These mechanisms may constitute yardsticks by which corporate governance can be used to measure performance in an organization. According to Schultz, Tan and Walsh (2010), cited in Ali (2014) unpublished work, examines the governance-performance in relation to firms using the ASX 200 index covering the period 2000 to 2007. Their proxy variables for governance were remuneration policies, board structure, ownership, and a range of performance measures such as total returns (TR), Tobin's Q (Q), accounting profit rate (PR) and return on assets (ROA). They adopt a dynamic GMM specification procedure that is robust to dynamic endogeneity, simultaneity and heterogeneity. They observe no causal relation between governance and firm performance, suggesting that apparently significant relations uncovered by pooled ordinary least squares (OLS) and fix-effects models are the result of spurious correlations. Considering the corporate governance studies in the extant literature, a detailed and comprehensive review of internal corporate governance mechanisms relevant to the current study was briefly discussed.

2.1.4 Board of Directors

The responsibilities and duties of the board of directors are so enormous that if properly and diligently observed, the interest of all stakeholders in companies would have been taken care off. The Board is accountable and responsible for the performance and affairs of the company. The

board defines the company's strategic goals and ensures that its human and financial resources are effectively deployed towards attaining those goals. The principal objective of the Board is to ensure that the company is properly managed. It is the responsibility of the Board to oversee the effective performance of the Management in order to protect and enhance shareholder value and to meet the company's obligations to its employees and other stakeholders. That is to say, the business of a firm is managed under the direction of a board of directors who delegates to the CEO and other Management staff, the day to day management of the affairs of the firm. The Board sees to the appointment of a qualified person as the Chief Executive Officer (CEO) and other management staff. The directors, with their wealth of experience, provide leadership and direct the affairs of the business with high sense of integrity, commitment to the firm, its business plans and long- term shareholder value. The board provides other oversight functions that would benefit the shareholders and all stakeholders. A survey reported in Dedman (2002) confirms that boards were becoming more balanced in terms of their division of power and responsibilities. The separation of the positions of the CEO and the Chairman of the board, and the encouragement of more non-executive directors/independent non-executive directors are ways to create a good corporate governance atmosphere for board members to provide a critical voice on the board in ensuring the practice of good corporate governance. Moreover, the board responsibilities are becoming clearly defined and divided, with properly constituted board subcommittees, namely: remuneration committee, audit committee, risk management committee, nomination committees, and rest of others.

The Board been an importance internal corporate governance mechanisms ensures that the company carries on its business in accordance with its articles and memorandum of association

and in conformity with the laws and regulations of the country, as well as observing the highest ethical standards on an environmentally sustainable basis. Governance literature suggests that board of directors as part of one of the internal corporate governance mechanisms plays a central role in improving the firm value and its performance (Baghat & Black, 2002). Board of directors plays a major role in the relationship between corporate governance and firm value (Hanrahan, Ramsay & Stapledon, 2001). The Cadbury Report (1992) proposed a potential structure for the board; it indicated that boards consist of a substantial number of non-executive directors and it should be reasonably balanced and act in the interests of shareholders. In line with the Cadbury Report, the Nigeria SEC code of corporate governance (2011) and the Nigeria Code of Corporate Governance (NCCG) 2018 by the Financial Reporting Council equally made a provision for the board to be composed of executive and non-executive directors/independent directors. In governance literature, one or a number of various aspects of board characteristics has been tested to see their relationship with/impact on firm performance or value.

2.1.5 Board Size

Corporate governance codes and literature have gradually developed different recommendations on the issue concerning the number of board members based on its importance in running the affairs of firms. In the Nigeria SEC code of corporate governance (2011), the code suggested that the board of a firm should be of a sufficient size relative to the scale and complexity of the company's operations, and the code equally stated that the membership of the Board should not be less than five (5). However, existing literature on corporate governance studies has equally argued that board size plays an important part in firms' performance. Some of these studies on board size were proponents of large board size, while others argue with respect to small board size on firm

performance. The findings from the various studies have all shown that both large and small board size have their advantages and disadvantages. There is however the argument by some of these studies that limiting board size to a particular level would improve firms' performance. Lawal (2012) argues that board size affects the quality of deliberation among members and ability of the board to arrive at an optimal corporate decision. Hence, research has revealed that when a board gets too big or large, it becomes very difficult for such board to coordinates its process and tackle strategic problems of the organisation. According to Abiodun (2012) large boards has positive relationship with performance in Nigeria. Sheikh and Wang (2011) in Pakistan revealed in their finding that board size has a positive relation to corporate debt ratio. Hussainey and Aljifri (2012), cited in Mohamed and Khairy (2016) found that the total number of board of directors has a positive relationship with the debt-to-equity ratio. There has been a conflicting result in the corporate governance literature with respect to board size and firms' performance. According to Gill and Mathur (2011), larger board size has a negative impact on the profitability of the Canadian service firms. Eyenubo (2013) also revealed in their study that bigger board size affects the value of the firm negatively as well as their financial performance. González and García-Meca (2014) reported that board size has a negative relationship with earnings management measured by discretionary accruals.

Furthermore, on the other hand, many studies have to support small board size with respect to firm performance. Hermalin and Weisbach (2003) found evidence suggesting that smaller boards are more effective than large boards as agency costs increase owing to a greater number of board members adopting the role of free-riders. Yermack (1996), cited in Eyenubo (2013) argues that large boardrooms tend to be slow in making decisions, which in turn can be an obstacle to change.

Another reason for the support for small board size is that directors rarely criticize the policies of top managers and that this problem tends to increase with the number of directors.

2.1.6 Board Composition

Board composition is another main board variable examined against firm performance. It is basically the proportion of executive and non-executive directors on the board; in other words, it might be termed a mixture of insider and outsider directors. According to Clifford and Evans (1997), cited in Aminu, Aisha, and Muhammad (2015) defined board composition to be the number of independent non-executive directors on the board relative to the total number of directors. Studies have shown that independence of non-executive directors is a commonly recommended corporate governance practice (Zattoni & Cuomo, 2010). The Nigeria SEC code of corporate governance (2011) and newly released Nigerian Code of Corporate Governance 2018 state that the Board of firms should comprise of a mix of executive and non-executive directors, headed by a Chairman, and the majority of Board members should be non-executive directors, at least one of whom should be independent director. An independent non-executive director or outside director is a member of the board of directors of a company who is not part of the executive management team. The independent non-executive director is not an affiliate of the company in any way except for directorship. They can be differentiated from the other members of the board who also serve as executive managers of the company.

Higgs (2003) stated that there are two principal roles of non-executive independent director which is; monitoring of the executive and contributing to the strategy and development of the company. On the other hand, the executive directors include CEO and senior managers who are expected to

contribute to the effectiveness of the board exploiting their skills, their expertise, and their specific knowledge in the industry where the company operates (Cadbury Report, 1992). In their study, Aminu et.al (2015) reported that board composition has a significant positive effect on firm performance. He, Wright, Evans and Crowe (2009) stated that board independence or non-executive director is the most effective deterrent of fraudulent financial reporting. Furthermore, Romano and Guerrini (2012) also reported that the higher the percentage of independent directors on the board, the lower the likelihood of financial fraud, arguing that a higher relative weight of independent directors appears to ensure more effective control.

Several empirical studies have examined the relationship between the board composition and the performance of firms. And these studies show a significantly positive relationship between board composition and profitability or efficiency, highlighting how firm especially banks with a higher presence of non-executives or independent members in their boards perform better than the others (Shelash Al-Hawary, 2011; Trabelsi, 2010). However, the results of Romano, Ferretti, and Rigolini (2012); Adams and Mehran (2008) revealed that there is no significant relationship between board composition, considered as the proportion of outsiders or of independent board members on the board, and banks performance. Heenetigala and Armstrong (2011); Yasser, Entebang and Mansor (2011) found that presence of an outside board member has a positive relationship with firm performance. Kajola (2008) examined corporate governance and firm performance on some Nigerian listed banks, and found no significant relationship between board composition and firm performance. This outcome has also be supported by the studies of Lubabah-Rover (2013) and Adeusi, et.al, (2013) who further added that the performance of banks tends to be worse when there are more non-executive directors.

2.1.7 Female Board Membership

The female board membership reflects a diversified characteristic of the board (Dutta và Bose, 2006, cited in Duc & Thuy, 2013). In recent time, board diversity, with particular emphasis on the gender of directors, has become an emerging topic of interest to bring greater numbers of women participation on the position of the board of a firm (Schwartz-Ziv 2013). Hence, it was argued by some researchers that companies ought to increase female presence on their boards, since this had a positive effect on firm's performance (Reguera-Alvarado, De-Fuentes & Laffarga, 2017). In supporting this argument, Adams and Ferreira (2009) record that female on the board of firm are committed to attending the board meetings and that they have better records than male directors. Furthermore, Smith, Smith, and Verner (2006) considered three different reasons to recognize the importance of females on a board. First, female board members usually have a better understanding of a market in comparison with male members. As such, this understanding will enhance the decisions made by the board. Second, female board members will bring better images in the perception of the community for a firm and this will contribute positively to firm's performance. Third, other board members will have enhanced understanding of the business environment when female board members are appointed. Moreover, their study also indicated that female board members can positively affect career development of junior female staff in a business. As a result, a firm's performance is improved directly and indirectly with the presence of female board membership. There have been a lot of studies concerning on women's presence on the board and firm's performance and value (Ren &Wang, 2011; Alves, Couto & Francisco 2014)

2.1.8 Audit Committee

The code of corporate governance in Nigeria made a provision for the audit committee to be constituted in every public company. According to the Companies and Allied Matters Act (CAMA' 90) as amended in 2004, every public company is required under Section 359 (3) and (4) of the Act to establish an audit committee. The Act states that it is the responsibility of the Board to ensure that the audit committee is constituted in the manner stipulated by the Act and that the committee should be able to effectively discharge its statutory duties and responsibilities. The Companies and Allied Matters Act, 2004 states that a public limited liability company should have an audit committee (maximum of six members of equal representation of three members each representing the management/directors and shareholders) in place. The members are expected to be conversant with basic financial statements. The committee has the following objectives: increasing public confidence, increasing the credibility and objectivity of published financial statements, assisting the directors, especially the non-executive directors' to carry out their delegated responsibilities for effective financial reporting, and strengthening the independent position of the firm's external auditors by providing an additional channel of communication. It has be reported in the corporate literature that audit committees play very important roles in financial aspects of corporate governance as they help ensure audit quality in firms while at the same time protecting the interest of investors (Okaro & Okafor, 2010, cited in Okaro, Okafor, & Oraka 2014). However, in recent time following the failures and collapsed of some companies and distress of banks in Nigeria as well as the Cadbury (Nig) Plc accounting scandal, it is obvious that some gate-keepers (including the audit committees of such companies) were caught napping (Ofo, 2010). This situation of failure and collapsed of companies were not peculiar to the Nigerian environment alone, that why the Cadbury report of 1992 and some several reports on corporate governance

reiterated the importance of the audit committee. Hence, according to Okaro and Okafor (2010), an audit committee is one of the major shareholders' watch dogs in the area of corporate finances. Strong audit committees acting as surrogate for investors' interests provide a key check and balance in the governance system.

The Cadbury Committee (1992) and Collier (1992) define the audit committee as the existence of a sub-committee of the board consisting of a large number of non-executive or independent directors with duties of monitoring auditing activities. Following the development in worldwide corporate environments, particularly, due to the several corporate collapses between 2001 and 2008, there has been an increased emphasis suggesting only independent non-executive directors should be members of the audit committee. The composition of the audit committee in the Nigerian scenario is an equal number of non-executive directors and shareholders of the companies. The audit committee is empowered to function on behalf of the board of directors by assuming an important oversight role in the corporate governance intended to protect investors and ensure corporate accountability. Rainsbury, Bradbury and Cahan (2008) point out that the presence of the Audit Committee is likely to reduce agency problems related to moral hazard and adverse selection, whether through oversight functions and monitoring in both reporting and auditing. However, evidence about firms' incentives to form an audit committee and its effectiveness in carrying out its duties so far is mixed. It is argued that the level of audit committee independence was an important criterion of its effectiveness. According to Smith Report (2003) argued that having an effective sound audit committee structure would lead to a better monitoring of the financial reporting process which could, invariably, lead to the management pursuing activities that promote the long-term value of the company. It further emphasized that an effective and independent audit

committee can only be guaranteed when there exists an effective and independent board of directors. Having an effective audit committee means that there exist appropriate checks and balances to ensure that management performs their roles (of preparing quality financial report) as expected by the shareholders and other stakeholders (Solomon & Solomon, 2004).

Audit committees thus, represent another internal governance mechanism whose impact is to improve the quality of financial management of a company and hence its performance. Lin et al (2006) found a significant positive association between audit committee size and occurrence of an earnings restatement. It was explained that a certain minimum number of audit committee members may be relevant to the quality of financial reporting. Kyereboah-Coleman (2007) reported a significant positive relation between size of the audit committee and firm performance. Kyereboah-Coleman (2007) describe that size of the audit committee could be an indication of the seriousness attached to issues of transparency by the organization. In addition, Aldamen, Duncan, Kelly, McNamara and Nagel (2011) reveals that smaller audit committees with more experience and better educational qualifications are more likely to be associated with positive firm performance.

Bedard and Gendron (2010) as cited by Ali (2014) unpublished work, reviewed 103 audit committee studies. They identified each paper objectives, theoretical perspectives, data gathering methods and country studied. They solely focused on 85 studies evaluating AC effectiveness through quantitative measurement for 85 studies. They examined 113 distinct analyses ensuing from 85 articles indicate that the proportion of studies finding a positive association with effectiveness varies greatly along the characteristics. In decreasing order of proportion, the results

are: presence of an audit committee (69%), Independence (57%), competence (51%), number of meetings (30%), and size (22%). In searching for more evidence about the importance of the audit committee in the midst of failure and collapsed of companies in the world over, Ghafran and O'Sullivan (2013) reviewed recent empirical research seeking to investigate various aspects of audit committees' governance role. They found that there is a significant amount of evidence offering support to current regulations concerning the desired characteristics of audit committees. Regulators believe that more frequent audit committee meetings indicate the audit committee's diligence in effectively discharging its responsibilities so that agency problems are minimized (Raghunandan & Rama, 2007). In addition, the presence of audit committees is likely to be associated with a high quality reporting system (Beasley, Carcello, Hermanson & Neal, 2009).

2.1.9 Performance Measures

There are various performance measures which have been employed in researches as a measure for firm performance, such as profitability, dividend payout, value ratio, productivity, net present value, earnings per share and rest of others. However, for the purpose of this study the measures of performance variable would be narrative to financial performance measures. Financial performance has to do with the effective and efficient utilization and allocation of firm's financial resources with the objective of maximizing shareholdings interest through returns on the capital employed and other financial performance indicators such as returns on equity, return on assets, earning per share etc. Specifically, this study will used returns on equity, returns on assets and earnings per share as the financial measures or variables. Several studies have used this measure (Haniffa & Hudaib, 2006; Aminu et.al, 2015; Muganda & Umulkher, 2015).

2.1.9.1 Returns on equity (ROE)

Returns on Equity (ROE) measure the profitability by revealing how much profit the firm generates with the money common stockholders have invested in it (Vintila & Gherghina, 2012). According to Pandey (2010), common or ordinary shareholders have the right to the residual profits. The rate of dividend is not fixed; the earnings may be made available at shareholders or retained in the business. Nevertheless, net profits after taxes represent their return. Return on shareholders' equity is calculated to see the profitability of owners' investment. The shareholders' equity or net worth will include paid-up share capital, share premium and reserves and surplus less accumulated losses. Net worth can also be found by subtracting total liabilities from total assets. The return on shareholder's equity is net profit after taxes divided by shareholders' equity. OR,

$$\text{ROE} = \frac{\text{profit after taxes}}{\text{Net worth}} = \frac{\text{PAT}}{\text{NW}} \text{OR,} \quad \text{ROE} = \frac{\text{profit after tax}}{\text{Average Shareholders}'\text{Equity}}$$

ROE indicates how well the firm has used the resources of owners. In fact, this ratio is one of the most important financial ratios in financial analysis. The earning of a satisfactory return is the most desirable objective of a business. The ratio of net profit to owners' equity reflects the extent to which this objective has been achieved. This ratio is, thus, of great interest to the present and prospective shareholders and also, it is of great concern to management, which has the responsibility of maximizing the owners' welfare.

Return on Equity is one of the most important profitability metrics used many financial Analysts and firms in determining performance. Return on equity reveals how much profit a company earned in comparison to the total amount of shareholder equity fund on the balance sheet. Shareholder equity is equal to total assets minus total liabilities. It's what the shareholders "own".

Shareholder equity is a creation of accounting that represents the assets created by the retained earnings of the business and the paid-up capital of the owner

Why Return on Equity Is Important: A business that has a high return on equity is most likely to be one that is capable of generating cash internally. In most case, the higher a company's return on equity compared to its industry, the better. This should be clear to even the less-than-astute investor. If you owned a business that had a net worth (shareholder's equity) of N100 million and it made N5 million in profit, it would be earning 5% on your equity (N5 ÷ N100 = .05, or 5%). The higher you can get the "return" on your equity, in this case 5%, the better.

2.1.9.2 Return on asset (ROA)

Return on assets allows users to assess how well firm's corporate governance mechanisms are assisting in securing and monitoring the efficiency of the management in utilizing assets to generate profits (Mohamad, Saleh, & Fares, 2011). Pandey (2010) the conventional approach of calculating Return on Assets (ROA) is to divide PAT by Assets. Return on assets is a profitability ratio. It is the ratio of annual net income to average total assets of a business during a financial year. It measures efficiency of the business in using its assets to generate net income. Return on assets formula looks at the ability of a company to utilize its assets to gain a net profit. Hence, the formula for the calculating ROA:

$$\text{ROA} = \frac{\text{Net Income}}{\text{Average Total Assets}}$$

2.1.9.3 Earnings per share

Earnings per Share (EPS) are a financial ratio required to be disclosed in published corporate financial statements under CAMA 2004. Earnings per share (EPS) represent the portion of a company's earnings, net of taxes and preferred stock dividends, that is allocated to each share of common stock. Earnings per share were used as an indicator of a company's profitability. It can be calculated via two different methods: basic and fully diluted. Fully diluted EPS - which factors in the potentially diluting effects of warrants, stock options and securities convertible into common stock - is generally viewed as a more accurate measure. It is considered important because it is one of the most critical variables in determining a share's price, and external decision makers often consider use it as a single summarize measure of evaluating company's performance.

Earnings per share show how much each ordinary share of the company will earn the profit. Anglo-Saxon companies put much emphasis on this ratio and it is a requirement of General Accepted Accounting Practice (GAAP) and International Financial Reporting Standard (IFRS) to always show this ratio on financial statement. This ratio was used by Shen and Lin (2012) to analyse corporate governance performance. Earnings per share are profit, expressed in pence/kobo attributable to the ordinary shareholder divided by the number of ordinary shareholders (Jennings, 1993).

Formula: $\text{EPS} = \frac{\text{Net Income} - \text{Preferred Dividends}}{\text{Weighted Average Ordinary Share}}$

OR

$$\text{EPS} = \frac{\text{Net Income} - \text{Preferred Dividends}}{\text{Average Common Share}}$$

2.2 Theoretical Framework

The existence of divergent and sometimes conflicting objectives between managers and shareholders has given rise to the design of many concepts and mechanisms to ensure that the cost associated with such divergent interest is minimal. One of the proposed arrangements is corporate governance and it is not surprising that the agency theory has been the dominant paradigm in the corporate governance literature among other theories like stewardship theory, stakeholder theory, resource dependency theory, transaction cost theory and political theory (Abdullah & Valentine, 2009). However, this study was anchored on two theories - the Principal-agent theory and the stakeholder theory in analyzing the relationship between corporate governance mechanisms and firms' financial performance in Nigeria.

2.2.1 Agency theory

The origins of the agency theory can be traced back to Adam Smith (1776) and his discussion on the problem of the separation of ownership and control. He suggested that managers of other people's money cannot be expected to "watch over it with the same anxious vigilance" as one would expect from owners, and that "negligence and profusion therefore must always prevail, more or less, in the management of the affairs of such a company" (Smith, 1776). Hence, agency theory has since then been applied to many fields in the social and management sciences: politics, economics, sociology, management, marketing, accounting and administration. The agency theory of the neoclassical economic theory is usually the starting point for any debate on corporate governance (Ping & Wing 2011). As suggested in the classic study by Berle and Means (1932), top managers are, in effect, "hired hands" who may very likely to be more interested in their personal welfare than in that of the shareholders. According to their study, the fundamental agency problem

in modern firms is primarily due to the separation between financer and managers. Modern firms are seen to suffer from separation of ownership and control and therefore are ran by professional managers (agents) who cannot be held accountable by disperse shareholders. Ross (1973) was also among the first who brought to light the agency theory after Adams Smith has highlighted the concept. However, the first detailed description of the agency theory was presented by Jensen and Meckling in 1976. Fama and Jensen (1983).

The agency theory evolved from the economic literature and has developed into two separate streams: the positivist agent and the principal-agent. Both streams concern the contracting problem of self-interest as a motivator of both the principal and the agent, and they share common assumptions regarding people, organisations and information. However, they differ in terms of mathematical rigour, dependent variables and style (Jensen, 1993). The agency relationship is described by Jensen and Meckling (1976) as a contract under which one or more persons (the principals) engage another person (the agent) to perform some service on their behalf, which involves delegating some decision-making authority to the agent. The agency theory presupposes that shareholders require protection because management (agents) may not always act in the best interest of disperse shareholders (Jensen & Meckling, 1976). The theory is based on the idea of separation of ownership (principal) and management (agent). It states that, in the presence of information asymmetry the agent is likely to pursue interest that may be in conflict with the interest of their principal (Sanda, Mikailu& Garba 2005). Hence, effective corporate governance can reduce agency costs and tackle problems related to the separation of ownership and control. It can be viewed as a set of mechanisms designed to reduce agency costs and protect shareholders from conflicts of interest with agents (Fama & Jensen, 1983).

The objective of corporate governance mechanisms, then, is to encourage management to make the same decisions that owners would have made themselves, such as investment in positive net present value (Shleifer & Vishny, 1997). From the perspective of the agency theory, corporate governance is viewed as a monitoring or control mechanism that is sufficient to protect shareholders from conflicts of interest with agents (Fama & Jensen, 1983). According to the agency theory, corporate governance mechanisms are needed to mitigate the problems associated with the theory, which is designed to provide the basis of corporate governance through the use of internal and external mechanisms (Roberts, McNulity & Stiles, 2005). The protection shareholder interests and minimization of agency cost as well as ensuring agent–principals interest alignment are what corporate governance mechanisms intent to achieve (Davis, Schoorman & Donaldson, 1997). However, the following represents some key issues suggested towards addressing opportunistic behaviour of managers within the agency theory; that the separation of the positions of chairman and CEO leads to higher performance, and that board of directors is expected to be made up of more non-executive directors (NEDs) for effective control. According to Habbash, (2010), cited in Muganda and Umulkher (2015), board structure has relied heavily on the concepts of agency theory.

2.2.2 Stakeholder Theory

The stakeholders' theory attempts to address the questions of which group of stakeholders deserve the attention of management. The stakeholders' theory proposes that companies have a social responsibility that requires them to consider the interest of all parties affected by their actions. Hence, stakeholders include shareholders, employees, suppliers, customers, creditors and communities in the vicinity of the company's operations, in addition to the public (Solomon,

2010). By expanding the spectrum of interested parties, the stakeholder theory stipulates that, a corporate entity invariably seeks to provide a balance between the interests of its diverse stakeholders in order to ensure that each interest constituency receives some degree of satisfaction. Habbash (2010) cited in Muganda and Umulkher (2015) assert that stakeholder refers to any one (external or internal) whose objectives have direct or indirect connections with the firm and influenced by a firm or who exert influence on the firm's goal achievement. These include local community, employees, clients, suppliers, government, political parties and management. The stakeholder theory supports the contention that 'companies and society are interdependent and therefore the company or firm serves a broader social purpose than its responsibilities to shareholders' alone (Kiel & Nicholson, 2003).

The stakeholders' concept in corporate governance can create a favorable external environment which helps to the realization of corporate social responsibility. Thus, the aim of the agency theory is to concentrate on shareholders' interest and the separation of ownership from control so that a company can maximise the wealth of its shareholders. The stakeholders' theory in corporate governance enable companies to be considerate about the customers, the community and social organizations as this can create a stable environment for long term development and performance. Hence, the benefit of the stakeholder model emphasizes on overcoming problems of under-investment associated with opportunistic behavior and in encouraging active co-operation amongst stakeholders to ensure the long-term profitability of the business firm (Maher & Andersson, 1999). Consequently, good corporate governance must focus on creating a feeling of security amongst shareholders and all other stakeholders. Hence, the adoption of the agency and stakeholder theories in this study was based on the special role these theories play toward shareholders and all other

stakeholders. While the agency theory calls for governance mechanisms to provide sufficient monitoring or controlling methods to protect shareholders from the opportunistic behaviour of agents (managers), the stakeholder theory on the other hand, enables fostering of good relationships between the company and a range of stakeholders for the purpose of maximising shareholders' wealth. Therefore, using both theories is the most effective approach as compared to other governance theories, because it involves combining all the elements of corporate governance to improve firm performance.

2.3 Empirical Review

2.3.1 Corporate governance and firm performance

In spite of the generally accepted notion that effective corporate governance enhances firm performance, other studies have reported negative relationship between corporate governance and firm performance, or have not found any relationship (AbdurRouf, 2011; Hutchinson, 2002, Park & Shin, 2003). Several explanations have been given as reasons to address these apparent inconsistencies. Some have argued that the problem lies in the use of either publicly available data or survey data as these sources are generally restricted in scope. It has also been pointed out that the nature of performance measures (i.e. restrictive use of accounting based measures such as return on assets (ROA), return on equity (ROE), return on capital employed (ROCE) or restrictive use of market based measures (such as market value of equities) could also contribute to this inconsistency (Gani & Jermias, 2006).

Abdulazeez, Ndibe, and Mercy, (2016) examined the impact of corporate governance on financial performance of all listed deposit money banks in Nigeria for a period of seven (7) years (after

consolidation). Data for the study were quantitatively retrieved from the annual reports and accounts of the studied banks. Multicolinearity test was conducted via Pearson correlation and further confirmed through VIF test. The regression technique was used to analyze the data and they found that larger board size contributes positively and significantly to financial performance of deposit money banks in Nigeria. Odiwo, Chukwuma, Kifordu, (2016) examined the impact of corporate governance on performance of manufacturing firms in Nigeria. The study employed a cross-sectional data from a sample of thirty (30) manufacturing firms drawn from the quoted manufacturing companies in Nigeria using data obtained from the audited annual financial statement covering the period of 2010 to 2014. They conducted descriptive statistics, correlation and a regression analysis. Their findings revealed that Chief Executive Officer Shareholding has a positive and a significant impact on organizational performance at 5% level of significance. Director's shareholding has a negative and a significant impact on organizational performance at 1% level of significance. Board size has a positive and a significant impact on organizational performance at 1% level of significance. Board gender has a negative and insignificant impact on organizational performance at more than 10% level of significance.

Uzma, Ummara, Sundas, Farhat, and Rabia, (2018) study investigated the impact of internal governance indicators (Board Structure and Ownership Structure) on financial performance (Return on Equity, Return on Assets and Earning Per Share) of the banks of Pakistan under the presence of control variables (leverage and size). Their sample for the study consists of 30 banks (public, private and specialized), which are listed at the Pakistan Stock Exchange (PSE) for the period 2008-2014. Their study takes 30 banks listed in PSE, formerly KSE and, check how corporate governance impact on all the listed banks in PSE, irrespective of their nature of

operation. The study adopted three models. The regression analysis results for the study revealed that the majority of the internal governance indicators of Model 2 and 3 show significant relationships with ROE and EPS whereas, most of the internal governance indicators of Model 1 depict an insignificant relationship with ROA.

Kobuthi, K'Obonyo and Ogutu (2018) examined the effect of corporate governance on performance of firms listed on the Nairobi Securities Exchange (NSE). The authors developed a corporate governance index as a proxy for corporate governance based on the seven attributes of the recently revised Capital Markets Authority (CMA) draft code of corporate governance practices for publicly listed companies in Kenya. The guidelines cover board operations and control, the rights of shareholders, stakeholder relations, ethics and social responsibilities, accountability, risk management and internal audit, transparency and disclosure and supervision and enforcement. The survey questionnaire was the main tool of data collection and was distributed to 56 CEOs and corporate secretaries. The response rate was 87.5%. Annual reports for 2015 were used to compute the CGI score for the different organizations. The study found a statistically significant relationship between corporate governance and performance of firms of non-financial institution listed on the Nairobi Securities Exchange.

Okaro, Okafor and Okoye (2015) empirically investigated corporate governance and audit quality in Nigeria in order to determine corporate governance factors that affect audit quality. The study which specifically investigates the significant effect of audit committee effectiveness and board effectiveness on audit quality used secondary data from the annual reports of a sample of 104 companies randomly selected from a population of 134 non-bank companies listed on the Nigerian

Stock Exchange. However, only 84 companies with sufficient data were used. The dependent variable of the study is audit quality while independent variables are board effectiveness (board size, Board independence, Board diligence) and audit committee effectiveness (Audit committee size, Audit Committee diligence and audit committee independence). The hypotheses of the study were analyzed using a binary logistic regression model. The major findings of their study are that small board size and greater board diligence impact positively on audit quality.

Rateb (2018) investigated the effect of audit committee characteristics on the company's performance. The sample consists of 165 non-financial companies listed on the Amman Stock Exchange (ASE) over the period from 2014 - 2016. The results of the study show that the audit committee size, independence and gender diversity have a significant positive relationship with firm's performance, whereas experience and frequency of meetings has an insignificant association. Ebrahim, Abdullah and Faudziah (2014) investigated the relationship between eight internal corporate governance mechanisms and firm performance (ROA) of the Muscat Security Market (MSM) listed companies during 2011 and 2012. The sample is composed of non-financial firms. The findings of this study reported that there are positive but insignificant relationships between board size (BOARDSIZE) with ROA. However, the effect of board independence (BORADIN) on the firm performance is negative but not significant.

Osisioma, Egbunike, and Adeaga (2015) empirically investigated the impact of corporate governance on deposit money banks' performance in Nigeria in order to ascertain whether certain financial soundness indicators affect the performance (i.e. return on asset-ROA) of Deposit Money Banks-DMBs in Nigeria. The financial soundness indicators are: capital adequacy ratio (CAR),

liquidity ratio (LR), loan to deposit ratio (LDR), deposit money bank lending rate (DMBLR), non-performing loan to total credit (NPLTC), and cash reserve ratio (CRR). The population of the study comprised of 24 deposit money banks, and the study adopted Panel Survey research design because the study examined the trend and changes in data collected; which also involved time series and cross-sectional data. Top's main formula was used to determine sample-size of 100 respondents. The study indicated that there is no statistical significant difference between corporate governance practices among the DMBs based on the perceptions of the shareholders and there is significant relationship between DMBs' performance and corporate governance proxy variables and also the corporate governance proxy variables have impacted both positively and negatively on DMBs' performance in Nigeria.

Eyenubo (2013) examined the impact of bigger board size on financial performance of firms in Nigeria. The study was to find out the relationship between bigger board and financial Performance by adopting the use of secondary data from the Nigerian Stock Exchange fact book drawn from various industries during the period 2001 - 2010 via using the regression statistical technique. The findings of the study revealed that bigger board size affects the financial performance of a firm in a negative manner. Tornyeva and Wereko (2012) empirical study examined the relationship between corporate governance and the performance of insurance companies. The results show that generally corporate governance has a positive impact on performance in term of profitability. Their proxies for the independent variable were board size, board and management skill, CEO tenure, size and independence of the audit committee, foreign and institutional ownership, dividend policy and the annual general meeting, all have positive correlation with performance.

The study of Al-Manaseer, Hindawi, Dahiyat and Sartawi (2012) empirically investigated the impact of corporate governance on performance using 15 Jordanian banks listed on the Amman Stock Exchange for the period 2007 to 2009 with a total of 45 bank-year observations. The study employed pooled data, and OLS estimation method with panel data methodology. Return on asset, return on equity, profit margin and earnings per share were adopted as performance measures (dependent variables) whereas board size, board independence, CEO status, foreign ownership and bank size were adopted as independent variables. The study revealed a significant negative relationship between board size and banks performance as measured by return on equity and earnings per share; but insignificant negative association of board size with return on asset and profit margin. It is only bank size that was significant and positively related to earnings per share. The study also revealed a positive association between board independence and foreign ownership and bank performance measures (ROA, ROE, PM and EPS). In addition, CEO status had a significant negative influence on the profit margin.

Aminu et al. (2015), empirical study on corporate governance variable board size and composition on financial performance using selected firm in Nigeria, revealed that board size has significant negative impact on performance with respect to ROE and ROA. On the other hand, the study revealed that board composition has a significant positive effect on performance with respect to ROE and ROA. Ashenafi, Kelifa and Yodit (2013) in their study also examined the relationship between corporate governance mechanisms and firm performance in Ethiopia. The study used selected internal corporate governance mechanisms (board of directors/structure, board size, audit existence, bank size, and ownership type) and external corporate governance mechanism (government regulation and supervision, capital adequacy ratio, loan loss provision allowance) that

were adopted as independent variables. ROA and ROE (dependent variables) were adopted as performance measures. Data on performance were collected from annual audited financial statements for the period 2005 to 2011. The findings of the study indicated that: board size and existence of an audit committee of the board had a statistically significant positive effect on performance (ROA and ROE). Similarly, capital adequacy ratio as a proxy of external corporate governance had a statistically significant positive effect on performance (ROA and ROE).

Tukur and Bilkisu (2014), sought to investigate the relationship between board diversity and financial performance of insurance companies in Nigeria, with specific reference to how gender diversity, ethnic diversity, board size, board composition and foreign directorship affect financial performance of insurance companies listed on the Nigerian Stock Exchange. This study selects listed insurance companies using non-probability sampling method in the form of available sampling technique for a period of 6 years i.e. 2004 to 2009. Using ROA, ROE and Tobin's Q as measures of firm performance and applying feasible generalised least squares and random effects estimators, the findings of this study reveal that gender diversity and foreign directors have a positive influence on insurance companies' performance. But the findings indicate a negative and significant relationship between board composition and performance of insurance companies in Nigeria. Edem, and Noor, (2014) examined the relationship between board characteristics and company performance (measured by turnover) in Nigeria. The study uses multiple regression technique on 90 sampled firms from the main board of Nigerian Stock Exchange from 2010 to 2012. The empirical evidence shows that board size and board education are positively and significantly related to company performance. While there is no relationship between boards equity, board independence, and board age. Also, this study showed evidence of a negative

significant relationship between board women and turnover. They said that appointment of women in the board of firm were window dressing as the percentage is too small for meaningful positive effect on company performance. Based on their findings, the study recommends that legislation should mandate companies listed on Nigerian Stock Exchange to appoint at least 30 to 35% of women on the board of directors.

David, Frank, Betty, and Gary (2010) empirically investigated the relationship between the number of women directors and the number of ethnic minority directors on the board and important board committees and financial performance measured as return on assets and Tobin's Q. They do not found a significant relationship between the gender or ethnic diversity of the board, or important board committees, and financial performance for a sample of major US corporations. Their evidence also suggests that the gender and ethnic minority diversity of the board and firm financial performance appear to be endogenous. Uwuigbe (2011) examined Corporate Governance and Financial Performance of Banks in Nigeria. The variables adopted for corporate governance are board size, the proportion of non-executive directors, directors' equity interest and corporate governance disclosure index. The objective of his research was to examine the relationships that exist between governance mechanisms and financial performance in the Nigerian consolidated banks. Variables used for the financial performance of the banks include the accounting measure of performance; return on equity (ROE) and return on asset (ROA). Panel data regression analysis methodology was adopted while content analysis technique, regression analysis and the t-test statistics were undertaken in the analysis. It was observed from the study that a negative but significant relationship exists between board size, board composition and the financial

performance of these banks, while a positive and significant relationship was also noticed between directors' equity interest, level of governance disclosure and performance.

Mgbame and Onoyase (2015), examined the effect of corporate governance on environmental reporting. This study makes use of board size, board independence, audit committee independence and managerial ownership concentration to proxy for corporate governance. The findings of the study show that board size, board independence, audit committee independence and managerial ownership concentration have a positive and significant relationship with environmental reporting. Shukeri, Shin and Shaari (2012), investigated the effect of board characteristics on firm performance. The variables used as proxies for board of directors' characteristics were; managerial ownership, board size, board independence, CEO duality, gender diversity and ethnic diversity. Return on Equity (ROE) is used as a measurement for firm financial performance. There are 300 Malaysian public listed companies being randomly selected from each sector. The results show that board size and ethnic diversity have a positive relationship with ROE while board independence has a negative relationship. There is no significant relationship between managerial ownership, CEO duality and gender diversity on firm performance.

Azeez (2015) investigated the relationship between corporate governance and firm performance in Sri Lanka. Board Size, CEO duality, and proportion of non- executive directors were used as corporate governance variables and EPS, ROA, and ROE as measures of firm performance. Data were obtained from the annual reports of 100 listed companies in the Colombo Stock Exchange for the period 2010-2012 financial years. The regression results indicated that board size is negatively associated with firm performance. The results also revealed that the separation of the two posts of

CEO and chairman has a significant positive relationship with the firm performance, while the presences of non-executive directors on the board are not associated with firm Performance of the listed companies in Sri Lanka. Arinze (2014) study examines the effect of corporate governance practices and regulatory agencies on the performance of government establishments in Anambra State of Nigeria. Twenty-five government establishments in Anambra State were studied using their general managers and Accountants as participants. Spearman's rank correlation coefficient and student t-transformation were used to test for relationship and significant respectively. The results of this study reveal that corporate governance has positive and significant relationship on the performance of corporate governance regulatory agencies. The study also revealed that corporate governance has positive and significant relationship with lay down standard.

Okaro, Okafor and Egbunike (2015) examined the attributes that make for audit committee effectiveness in Nigeria from the perspective of Professional Accountants. The survey research design was adopted for the study. 120 Professional Accountants working as Auditors, Accountants and Accounting Academics in the South Eastern part of Nigeria were randomly selected. The Professional Accountants were either members of the Institute of Chartered Accountants of Nigeria (ICAN) or members of Association of National Accountants of Nigeria (ANAN). Eighty-nine (89) responses were received which 74% of the respondents. They considered this adequate to make a meaningful deduction. A questionnaire in the likert scale format was used to elicit the responses from the respondents. The data of study was analyzed and ranked first on the basis of strongly agree responses and then on the basis of mean of the responses. The hypothesis of study was tested with ANOVA test statistic. Five most important factors stood out as having a strong influence on audit committee effectiveness in Nigeria where in the following order: - Financial

literacy of members; Only non-executive Directors should be members of the Committee; Members must be open to regular training; Members must be able to ask relevant questions; and Members must have machinery for periodic evaluation of their performances. Gugong, Arugu and Dandago (2014) examined the impact of ownership structure on the financial performance of listed insurance firms in Nigeria. The study uses panel data for seventeen (17) firms for the period 2001 – 2010 (10 years). Study uses managerial and institutional shareholding to stand proxies for the internal corporate governance- ownership structure. Firm's performance was measured through Return on Asset (ROA) and Return on Equity (ROE). The findings indicated that there is a significant positive relationship between ownership structure and firm's performance as measured by ROA and ROE.

Kritika (2015) examined the impact of board size on firm performance: A study of selected BSE 500 companies. The study uses Return on Assets (ROA), Return on Equity (ROE) and Tobin's Q as measures of financial performance, and board size taken as an independent variable. Age of the company, size of the company and risk measured by beta were used as control variables. The study used a sample of 319 companies from BSE 500 Index. The results show that ROE and Tobin's Q were large for companies with small board size. Also, medium size boards were reported to perform better than either very small or very big boards. However, the results were not statistically significant. Olawale, Ilo and Lawal (2016) investigated the effect of firm size on the performance of firms in Nigeria. They use a panel data set of 12 non-financial firms operating in Nigeria representing the period 2005-2013. The panel data are analyzed using a pooled regression model, fixed effects model and random effects model to identify the relationship between firm size and the performance of firms listed on the Nigeria Stock Exchange (NSE). Return on equity was used as a

proxy for performance, which serves as the dependent variable. Total assets and total sales are the proxies for firm size, and the control variables are leverage and working capital. The results of their study reveal that firm size in terms of total assets has a negative effect on performance, while in terms of total sales; firm size has a positive effect on the performance of Nigerian non-financial companies. Akinlo (2012) investigated the long-run relationship and causality between firm size and profitability in 66 firms in Nigeria for the period 1999-2007, using the panel co-integration method. The results showed that there is long—run steady-state relationship between firm size and profitability, while the short run causal relationship revealed that there is bidirectional relationship between firm size and profitability. The author asserted that firm size Granger causes profitability and profitability Granger causes firm size.

Babalola (2013) investigated the effect of firm size on the profitability of manufacturing companies listed in the Nigerian Stock Exchange was analyzed by using a panel data set over the period 2000-2009. Profitability was measured by using Return on Assets, while both total assets and total sales were used as the proxies of firm size. According to the results of the study, firm size, both in terms of total assets and total sales, has a positive impact on the profitability of manufacturing companies in Nigeria. Khatab, Masood, Zaman, Saleem and Saeed (2011) investigated the relationship between corporate governance and firms' performance in the case of twenty firms listed at the Karachi Stock Exchange for the period 2005 to 2009. The study used Pooled Ordinary Least Square estimation method with panel data set that covered the five years period; data from a sample of twenty firms were collected. Tobin's-Q, return on asset and return on equity was adopted as performance measures (dependent variables) whereas firm size, leverage and growth were adopted as independent variables. The findings of the study indicated that

leverage positively and significantly impacts on Tobin's Q and return on asset and leverage positively and significantly influenced return on equity. However, growth had a negative and significant impact on return on equity while the size of firms remained insignificant.

Oyoga, (2010), examined whether the performance of financial institutions listed on the NSE is affected by the corporate governance practices they have put in place. Board independence, shareholding compensation, board governance disclosure and shareholders rights were adopted as independent variables. Whereas the corporate governance index constructed as per Globe and Mail rankings using data from financial institutions and performance measures drawn from annual financial reports was adopted as a dependent variable. The findings of the study revealed that there is a positive relationship between boards of composition with performance of financial institutions listed on NSE. On overall the study found that financial institutions listed on NSE should endeavor to attain the highest possible level of corporate governance. Dar, Naseem, Niazi, and Rehman (2011), study examined the relationship between four Corporate Governance Mechanisms (board size, chief executive status, annual general meeting and audit committee) and two Firm Performance Measures (return on equity, ROE, and profit margin, PM), of Karachi Stock Exchange of listed oil & gas firms was examined for the period 2004 - 2010. The t-test and Multiple Regression analysis are applied to examine the significance & dependency of the above mentioned variables. By using the panel methodology and OLS as a method of estimation, the results provide an evidence of a significant effect and the positive relationship between ROE and board size as well as the annual general meeting. But ROE has a negative relationship with the audit committee and CEO status and both have a significant effect on it. The results further expose a positive relationship between PM, board size and the annual general meeting and they have no

significant effect. The study, however, could not provide a significant effect between PM and audit committee. CEO status and audit committee have a negative relationship with PM but CEO status has a significant effect. The implication of this is that the board size should be limited to a sizeable limit and that the post of the chief executive should be occupied by different persons.

Nyarige, (2012), investigated the relationship between corporate governance structures and firm financial performance. The focus of the study was on the nine firms (commercial banks) listed on NSE between 2005 and 2010. Board size, board meetings, board independence and executive compensation was adopted as independent variables while Tobin-Q ratio was adopted as a proxy for financial performance (dependent variable). The research was conducted using a Cross-sectional survey that sought to identify differences in corporate governance structures between listed banks facing a decline in values, those facing appreciating values and those with stable value on calendar years 2005 to 2010. The findings of the study indicated that board size negatively affects the banks' market performance while board independence affects the bank's market performance positively. Mohamed and Khairy (2016), investigated the linkage between some corporate governance mechanisms such as board characteristics, ownership structure and corporate financial leverage in an emerging market, Egypt. To achieve the objectives of their study, they used a sample of 36 non-financial firms selected from the more actively traded 50 listed Egyptian firms in the Egyptian Stock Exchange (EGX) covering the period from 2007 to 2011. Measures of corporate financial leverage employed by them are total debt ratio, long-term debt ratio and short-term debt ratio. The explanatory variables of corporate characteristics are broad size, outside non-executive directors, CEO duality, and board female proportion. The measures of ownership structure included managerial ownership, institutional ownership, block holder's ownership and

governmental ownership. Similarly, the effect of some control variables like firm size, profitability, growth and tangibility has been also examined. The multiple regression models (OLS) were used to analyze the data. Results show that institutional ownership and governmental ownership are significantly positively related to corporate leverage, whereas board size, board female, and block holding are found to be significantly negatively correlated. Although Egyptian firms still have weak corporate governance mechanisms compared to firms in developing countries, the empirical findings suggest that board characteristics and ownership structure playing an important role in deciding the Egyptian financial corporate leverage.

Okaro, and Okafor (2013) investigated the relationship between corporate board effectiveness and external audit quality. Four board characteristics were used as proxies for measurement of board effectiveness. These are frequency of meetings, board size, proportion of non- executive directors on the board and share ownership by members of the board. A questionnaire survey of 52 professional accountants was undertaken. Descriptive statistics were used to determine the relationship between board characteristics and board effectiveness as well as board effectiveness and audit quality. Independent T- tests were employed to determine whether there were any significant differences in the perceptions of board effectiveness and audit quality according to gender, job type and experience. The questionnaire findings suggest that board effectiveness is positively associated with external audit quality. They found no evidence of significant differences in the perceptions of the relationship between board effectiveness and audit quality according to gender, job type and experience. The study's results are based on 52 of a possible 400 professional accountants and should therefore be interpreted with caution

Jayati and Subrata (2018) investigated the effect of board governance in state-owned and private banks by carrying out a study of commercial banks in India that has both bank groups. The study covers a ten-year period from 2003 to 2012. The results of the empirical analysis provide evidence of strong ownership effects with board independence exhibiting a significant positive correlation with the performance of private banks and a significant but negative correlation with the performance of state-owned banks. The effect of CEO duality is negative in state-owned banks where incidence of CEO duality is high. The study also revealed that a longer CEO tenure has significant positive effects on bank outcomes with these effects strengthening in the later years of CEO tenure. Sangosanya (2011) examined the dynamics of manufacturing firms' growth in Nigeria using panel data analysis in a bid to evaluate factors that influence firm performance, including adequate finance, a business-friendly environment, effective management and operation structure, and growth-oriented government policies and regulations. The panel regression model was based on 45 manufacturing firms listed on the Nigerian Stock Exchange (NSE) from 1989 to 2008. The estimated dynamic panel model revealed that firms' financing mix, utilization of assets to generate more sales, abundance of reserve funds and government intervention as indicated by Tobin's Q, operating efficiency, capital reserve and government policies are significant determinants of manufacturing firms' growth dynamics in Nigeria.

Adeusi, Akeke, Aribaba and Adebisi (2013) investigated the relationship between corporate governance and performance in Nigeria banking sector. The main objective of the study was to determine if ownership and board size matter in financial performance. The variable employed were board size, board composition - number of executive director and number of non-executive director and return on equity. The result indicates that improved performance of the banking sector

is not dependent on increasing the number of executive directors and board composition. The result further revealed that when there are more external board members, the performance of banks tends to be worse. The study concluded that there is a need for increase in board size and decrease in board composition as measured by the ratio of outside directors to the total number of directors in order to increase the bank performance.

Nibedita (2018) examine the impact of corporate governance on the performance of insurance companies. The study looked at the relationship between corporate governance mechanisms (board size, board composition, board meetings and board audit committee) and performance of the insurance company. The population for the study was listed insurance companies in DSE. The sample comprises of 10 listed insurance companies. Various tests like-Descriptive analysis, multiple linear regression, Pearson correlation and collinearity statistics were performed using SPSS statistics software. The secondary data used cover the period of 2010 t0 2016. This study finds that corporate governance has an impact on the performance of the insurance sector in Bangladesh. Jori, Rafael, and Juan (2018) examined how corporate governance and ownership structure relate to the financial performance of firms. They estimated this relationship using fsQCA. They also enhanced their analysis using complementary linear and non-linear multiple regression analysis. The panel data used in their study covered 1,207 companies from 59 countries across 19 sectors for the period 2013 to 2015. They believe that their study made two main contributions, - Firstly, that the multiple empirical techniques employed in their study offer a broader approach to the empirical analysis of financial performance. Secondly and finally, that their study aids them understanding the role of corporate governance and ownership relating to financial performance of firm.

Ibe, Ugwuanyi, and Okanya, (2017) investigated the effect of corporate governance on financial performance of insurance companies in Nigeria. The study adopted an *ex-post facto* research design and panel data covering five years period from 2011 to 2015 for twenty insurance companies. The study examined a range of corporate governance mechanisms such as board size, board independence, executive directors' remuneration, non-executive directors' remuneration, directors' ownership, institutional ownership, foreign ownership, and the study controlled the effect of firm size using log of total assets. The Fixed effects model was used to evaluate the effect of the corporate governance mechanisms on financial performance of Nigerian insurance companies. The fixed econometric estimates showed that board size and non-executive directors' remuneration have negative and significant effect on financial performance proxy by return on assets (ROA). Board independence and institutional ownership indicated positive and significant impact on the financial performance as predicted by agency theory. However, contrary to theoretical predictions, executive directors' remuneration, directors' ownership, and foreign ownership did not make significant impact on the financial performance of Nigerian insurance companies. The fixed effect econometric estimator employed in their study indicated that corporate governance mechanisms affect the financial performance of insurance companies in Nigeria. Therefore, the study recommends among other things that the board be restructured to a manageable size, and suggested that a performance-based remuneration be designed for the directors. In addition, more non-executive directors should be appointed in the board to enhance the effectiveness of the board in aligning interest of the all stakeholders. Kamau, Machuki, and Aosa, (2018) study examined the influence of corporate governance on the performance of financial institutions in Kenya. They used structured questionnaire, and data were obtained from 108 financial institutions comprising banks, insurance companies, savings and Credit Cooperative

Societies (SACCOs) and Micro-Finance Institutions (MFIs). The multiple regression analysis was used, and the results indicated that corporate governance has a statistically significant influence on the performance of financial institutions. That board skill and board committees were found to be important predictors of the firms' performance. Board skills had a positive influence; board committees were found to have a negative influence on performance. The study concludes that possession of requisite skill is one of the most important considerations in the appointment of board members.

Ajala, Amuda and Arulogun (2012) examined the effects of corporate governance on the performance of Nigerian banking sector with the aim of assessing the impact of corporate governance on firm's performance. They used secondary source of data gathered from published annual reports of the quoted banks. In examining the level of corporate governance disclosure of the sampled banks, a disclosure index was developed and guided by the Central Bank of Nigeria code of governance. The Pearson Correlation and the regression analysis were used to find out whether there is a relationship between the corporate governance variables and firms performance. Their study revealed that a negative but significant relationship exists between board size and the financial performance of these banks while a positive and significant relationship was also observed between directors' equity interest, level of corporate governance disclosure index and performance of the sampled banks. Their study recommended that efforts to improve corporate governance should focus on the value of the stock ownership of board members and that steps should be taken for mandatory compliance with the code of corporate governance.

Sorin, Monica, and Codruța (2017) investigated correlations between board characteristics and firm performances. For this purpose, six board characteristics were chosen: (1) equilibrium between non-executive and executive members of the board of directors; (2) independence of board members; (3) selection of board members by the assistant role of the Nomination Committee; (4) training the members' competences; (5) remuneration policy of board members by the assistant role of the Remuneration Committee; (6) improving the accountability and transparency of financial information by the assistant role of the Audit Committee. The financial performances are represented by Return on assets (ROA) and Tobin's Q. The study sample consists of 55 Romanian non-financial companies which were listed on the Bucharest Stock Exchange (BSE) in 2012. They found the following characteristics in the majority of boards of directors: equilibrium between non-executive and executive members, independence of the members and concerns on training competences. On the other hand, the majority of companies do not have, within their governance system, advisory committees (such as Nomination, Remuneration or Audit Committees), which are meant to help the board in its decision-making. No statistically significant association was found between any of the board characteristics and performances represented either by Tobin's Q or ROA, but the findings are in line with numerous studies conducted in developing countries and may be explained by various shortcomings which characterize the lagging of transition economies.

Sanyaolu, Adesanmi, Imeokparia,Sanyaolu, and Alimi, (2017) examined the effect of corporate governance on the financial performance of listed deposit money banks in Nigeria from 2007-2016. The study used board size, audit committee, board independence, board gender diversity and Firm size as proxy for corporate governance while financial performance was proxy with return on

asset (ROA). The study randomly examined eight (8) deposit money banks listed on the Nigerian stock exchange and obtained data from the annual reports of the banks from 2007-2016. The data extracted were analyzed using pooled least square method of regression. The study found a negative significant relationship between board size, Audit committee, Firm size and return on asset. The study equally found a positive and insignificant relationship between Board Independence and return on asset of the studied banks.

Akingunola, Adedipe and Olusegun (2015) investigated relationship between corporate governance and bank's performance in Nigeria post–bank's consolidation period. Their performance proxy were earning per share, return on equity and return on assets. They employed the ordinary least squares regression method to analyze their data. Their result shows that Bank deposits mobilized and credits created over these period increased over the years but were more positively related to bank performance during the period of consolidation although not significant. Furthermore, managerial traits of managers employed in the bank seemed to be the major determinant factors of bank performance when they are positively embraced. They concluded that to minimize financial and economic crime in the system, banks must embrace fiduciary duty which include transparency, honesty and fairness (corporate governance codes) in dealing with all its stakeholders.

Demaki (2017) empirically evaluated the effect of the Nigeria 2011 Securities and Exchange Commission (SEC) Code of Corporate Governance on the performance of Deposit Money Banks (DMBs) in the country. To achieve this aim, yearly secondary data were obtained from 2006 to 2015 from the annual reports and accounts of fourteen (14) DMBs purposely selected for this

study. The performance variables used in the study were return on asset, return on equity, liquidity, capital adequacy and tangibility. The principal-agency theory forms the theoretical base of this empirical investigation. The method of estimation adopted includes descriptive statistics, analysis of correlation matrix and the Wilcoxon Sign-Test. Findings from the study revealed that there was significant difference in the performance indices of banks in Nigeria as compared to their performance prior to the implementation of the codes. It was therefore recommended among others that in line with the provisions of the 2011 SEC code, corporate ethics and values should be aligned with personal ethics especially among board members appointed to every respective board committee.

Frimpong, Ohene, Bawuah, Osman, and Kuutol, (2015) examined the impact of corporate governance mechanisms on financial performance using five years data from 2008 to 2012 with a sample of nine Ghanaian commercial banks listed on Ghana Stock Exchange (GSE). Panel data set was used to examine the relationship. Three performance variables were used in their study namely, Return on Asset, Return on Equity and Cost-Income Ratio. The study used seven corporate governance mechanisms variables and three control variables were considered. The study revealed that Return on Asset has a positive and significant relationship with Non-executive director, bank size and bank growth and significant negative relationship with Audit Committee size, Board Gender Diversity, Board Business Management Experience and Board Members Education Qualification. Also, Return on Equity is significant and positively related to Non-Executive Director, Leverage and Bank Growth Rate while Bank size is negatively and significantly related to return on Equity. Cost-Income Ratio showed a positive relationship with Audit Committee size and Board Gender Diversity and significant negatively related to Industry

specific experience and Non-Executive Directors. Shungu, Ngirande, and Ndlovu (2014) investigated the impact of corporate governance on the performance of commercial banks in Zimbabwe. Using data gathered from 2009-2012, for a sample of five commercial banks, they applies multi-regression model, to assess the causal relationship between corporate governance measures (board size, board composition, internal board committees and board diversity) and bank performance. Their results indicated unidirectional causal relationship from corporate governance to bank performance. In addition, their result revealed a positive relationship between board composition, board diversity and commercial bank performance; and a negative relationship appears between board size, board committees and bank performance.

Bilal, Hazoor, Sharjeel, and Arfan, (2014) examined the effects of corporate governance (Board Size, Board Structure, Leadership Style and Board Meetings) on firm financial performance (ROA, ROE and PM) in family and non-family controlled firms listed in Karachi stock exchange Pakistan. They also aimed at finding out on whether non-family controlled firms performed better than family controlled firms or vice versa. The study employed publicly available data from audited annual reports of a sample of 164 public companies listed in Karachi Stock Exchange for the periods 2006-2011. By using the panel approach, independent samples t-test and multiple regressions using OLS as a method of estimation, their results provide evidence that, non-family controlled firms have significantly higher firm financial performance and governance level then family controlled firms. Corporate governance structure influences the family and non-family controlled companies' performance. Board size and separate leadership style have significant positive impact while board meetings and board structure have negative significant impact on performance. Kartikasari and Merianti (2016) examined the effect of leverage and the size of a

company on its profitability using 100 qualified manufacturing companies listed on the Indonesia Stock Exchange in the period 2009-2014. To that end, they used panel data regression analysis, with the most suitable panel data regression model being the fixed effects model. Leverage was measured by the debt-to-equity ratio, while firm size was measured by total assets and total sales, and profitability by ROA. The study revealed that the debt ratio has a significant positive effect on profitability while a total asset has a significant negative impact. Total sales; however, does not have a statistically significant effect on the profitability of the companies.

Sunny, Dadang, and Subuh, (2018), empirically examined the impact of gender diversity, earnings management practices and corporate performance of quoted firms in Nigerian. The study is motivated by the nature of the Nigerian business environment and the need for effective corporate performance by firms in different sectors of the economy; hence providing an empirical argument for future researchers who may want to build on its findings. To achieve the set objective of the study, they obtained data from the annual reports of fifty firms quoted on the Nigerian Stock Exchange (NSE). They adopted the survey research design to implement simple random sampling. Furthermore, the Panel Data Regression estimation technique was employed to estimate the specified model of the study. The results revealed that female chief executive officers have a negative but insignificant impact on the financial performance of firms in Nigeria, while the female chief financial officer has a positive and significant relationship on the financial performance. The result also shows that variables such as female membership and audit committees have negative and insignificant relationship with corporate performance. This study, therefore, recommends that management of various companies should formulate and implement policies that will include gender diversity on the board in order to stimulate earnings management

and other performance measures in the right direction. This invariably would positively influence the market value per share of their companies. Also, Sumedrea (2016) examined the possible relations between companies' performance and their board structure and managerial team after the recent world financial crisis, in an attempt to identify possible ways to support corporate sustainable development. The study revealed that companies with board and management team gender diversity tend to score higher in terms of ROA and ROS than companies where men are in charge. Women in managerial positions in large companies tend to relate better with customers and help sales improvement, but in companies that are old and big the women participation in the process of strategic decision making is not particularly encouraged.

Ujunwa, Nwakoby, and Tomislava, Ana, and Mirjana, (2018) analyzed the effects of different board characteristics on insurance companies' performance. The research explores the impact of board gender diversity and size on the performance of the insurance companies in Croatia. It analyzes the impact of characteristics of boards, the board of directors and the supervisory board on corporate performance. The analysis was conducted using dynamic panel model covering all insurance companies' in Croatia operating in the 2007–2013 period. The main findings suggest that gender diversity at the top positions is not critical for financial success. Specifically, it is established that women acting as presidents of supervisory board deteriorate insurer's performance measured by return on assets (ROA). This is also the case when more women are present in the board of directors. Moreover, the findings of the model measuring performance by both ROA and return on equity demonstrate that financial performance of insurance companies is negatively influenced by the number of members of the board of directors. Ujunwa, Nwakoby & Ugbam, (2012) investigated the impact of corporate board diversity on the financial performance of

Nigerian quoted firms using a panel data of 122 quoted Nigerian firms. The aspects of board diversity studied comprise board nationality, board gender and board ethnicity. The fixed effect generalised Least Square Regression is used to examine the impact of board diversity on firm performance for the period: 1991-2008. The results show that gender diversity was negatively linked with firm performance, while board nationality and board ethnicity were positive in predicting firm performance. They believe that the study provided insights to practitioners and policy makers on the need to view the board as a strategic resource in line with the resource dependency theory instead of viewing the board solely from agency theory perspective.

2.4 Nigeria Stock Exchange Compliance Status Indicator Codes on Listed Companies

The Nigerian Stock Exchange has some Compliance Status indicator Code which they use to label companies' that have not fully complied with the requirement of the stock exchange. The codes are tagged against these companies as a means of informing and protecting investors. Furthermore, as part of informing and protecting the investing public, the Nigerian Stock Exchange on her website posted a write up, and it read " As part of efforts to further improve market transparency and integrity, provide timely information for investment decisions as well as enhance the protection of investors in the capital market, the Nigerian Stock Exchange will commence the use of enhanced Compliance Status Indicator (CSI) codes on the ticker tape for listed companies effective Monday, May 09, 2016. Under this initiative, the Exchange will tag all listed companies with a three character codes that indicate the compliance status of the listed company at any particular point in time. This compliance code will enable investors to make informed decisions whilst ensuring a transparent market guided by timely information", (www.nse.com.ng).

In all, the Exchange in her website have provided a well robust and informative codes to provide investors with timely information, and a detailed of some of these code and what they stand for are shown in table 2.4 below:

Table; 2.4 Showing Nigeria Stock Exchange Compliance Status Indicator Codes

S/N	CSI CODES	CODES NAME	CODES DESCRIPTION
1	BLS	Below Listing Standard	Comprises all deficiencies regarding Continuing Listing Standards.
2	MRF	Missed Regulatory Filing	Issuer Missed Regulatory Filing Deadline
3	DWL	Delisting Watch-list	These are companies that have been served with a delisting notice but the delisting process has been put on hold because they have received a stay of action from The Exchange for a defined period during which they undertake to cure the issues that led to the issuance of the delisting notice. If they fail to cure the issue within the defined period or any extension thereof, the hold on the delisting process will be lifted.
4	DIP	Delisting in Progress	These are companies that are in the delisting process, mandatory or voluntary. The delisting process commences with a notice of intention to delist from The Exchange to an issuer (mandatory) or to The Exchange from an issuer (voluntary).
5	AWR	Awaiting Regulatory Approval	These are companies that are awaiting the approval or no objection of their primary or another government

			regulator before releasing their audited financial statements
6	RST	Restructuring.	These are companies that are in the process of restructuring.
7	BMF	Below Listing Standard and Missed Regulatory Filing	Missed Regulatory Filing and Below Listing Standard
8	BAA	Below Listing Standard and Awaiting Regulatory Approval	Below Listing Standard and Awaiting Regulatory Approval
9	BRS	Below Listing Standard and Restructuring	Below Listing Standard and Restructuring
10	MRS	Missed Regulatory Filing and Restructuring	Missed Regulatory Filing and Restructuring
11	BMR	Below Listing Standard, Missed Regulatory Filing and Restructuring	Below Listing Standard, Missed Regulatory Filing and Restructuring

Source: www.nse.com.ng

2.5 Summary of Empirical Reviewed

It is widely acknowledged that corporate governance is a critical factor in firm performance. The literature chapter identified and discussed an overview of related literature on the subject matters corporate governance and firm performance of previous researchers with suggestions that firms use several governance mechanisms to reduce agency problems, thereby improving firm performance. The chapter reviewed empirical studies about corporate governance in both developed countries and developing countries. The chapter explored how previous studies have

used difference corporate governance mechanisms in understanding firms' performance. Hence, table 2.5 below show the summary empirical reviews on corporate governance and firms' performance.

Table 2.5: Summary of empirical reviews on corporate governance and firms' performance

S/N	Author	Year	Title of Study	Methodology	Result/Findings
1	Sunny, O. T., Dadang, P. J., & Subuh, H.	2018	Gender diversity, earnings management practices and corporate performance in Nigerian Quoted Firms.	Regression technique	The results revealed that female chief executive officers have a negative but insignificant impact on the financial performance of firms in Nigeria, while the female chief financial officer has a positive and significant relationship on the financial performance. The result also shows that variables such as female membership and audit committees have negative and insignificant relationship with corporate performance.
2	Kobuthi, E., K'Obonyo, P. & Ogutu, M.	2018	The effect of corporate governance on performance of firms listed on the Nairobi Securities Exchange (NSE).	The survey questionnaire	The study found a statistically significant relationship between corporate governance and non-financial performance of firms listed on the Nairobi Securities Exchange
3	Uzma, B.,	2018	The impact of	The regression	The results for the study

	Ummara, F., Sundas, S., Farhat, R. & Rabia, M.		internal governance indicators (Board Structure and Ownership Structure) on the financial performance (Return on Equity, Return on Assets and Earning Per Share) of the banks of Pakistan under the presence of control variables (leverage and size).	analysis	revealed that the majority of the internal governance indicators of Model 2 and 3 show significant relationships with ROE and EPS whereas, most of the internal governance indicators of Model 1 depict an insignificant relationship with ROA.
4	Jayati, S. & Subrata, S.	2018	Bank Ownership, Board Characteristics and Performance: Evidence from Commercial Banks in India	Regression method	The results of the empirical analysis provide evidence of strong ownership effects with board independence exhibiting a significant positive correlation with the performance of private banks and a significant but negative correlation with the performance of state-owned banks. The effect of CEO

					duality is negative in state-owned banks where incidence of CEO duality is high. The study also revealed that a longer CEO tenure has significant positive effects on bank outcomes with these effects strengthening in the later years of CEO tenure.
5	Tomislava, P. K., Ana, A., & Mirjana, P.	2018	Measuring the impact of board characteristics on the performance of Croatian insurance companies	OLS	The main findings suggest that gender diversity at the top positions is not critical for financial success. It is revealed that women acting as presidents of supervisory board deteriorate insurer's performance measured by return on assets (ROA). This is also the case when more women are present in the board of directors. Moreover, the findings of the model measuring performance by both ROA and return on equity demonstrate that financial performance of insurance companies is negatively influenced by the number of members of the board of directors.
6	Rateb, M. A.	2018	The effect of audit	Regression Analysis	Study show that the audit committee size, independence

			committee characteristics on the company's performance.		and gender diversity have a significant positive relationship with firm's performance, whereas experience and frequency of meetings has an insignificant association.
7	Nibedita, D	2018	Impact of corporate governance on financial performance: A study on DSE listed Insurance Companies in Bangladesh.	Regression Analysis	The study revealed that corporate governance has an impact on the performance of the insurance sector in Bangladesh.
8	Jordi, P., Rafael, R., & Juan, S	2018	Corporate governance and financial performance: The role of ownership and board structure	Regression Analysis	The study revealed that there is inverse relationship between corporate governance and ownership, and financial performance of firms.
9	Kamau, G., Machuki, V., & Aosa, E.	2018	Corporate governance and performance of financial institutions in Kenya.	Regression Analysis	Their results indicated that corporate governance has a statistically significant influence on the performance of financial institutions. Board skills and board committees were found to be important predictors of the firms' performance. board skills

					had a positive influence, board committees were found to have a negative influence on performance.
10	Ibe, H. C. A., Ugwuanyi, G. O., & Okanya, O. C.	2017	Effect of corporate governance mechanisms on financial performance of insurance companies in Nigeria	Regression Analysis	The result of the study showed that, board size and non-executive directors' remuneration have negative and significant effect on financial performance proxy by return on assets (ROA). Board independence, institutional ownership indicated positive and significant impact on the financial performance.
11	Sorin, N. B., Monica, V. A., & Codruța, M.	2017	Board characteristics and firm performances in emerging economies. Lessons from Romania.	Pearson's coefficient, ANOVA analysis of variances, and multiple linear regression analysis	No statistically significant association was found between any of the board characteristics and performances represented either by Tobin's Q or ROA, but the findings are in line with numerous studies conducted in developing countries and may be explained by various shortcomings which characterize the lagging of transition economies.
12	Demaki, G. O.	2017	2011 Securities and Exchange Commission	Correlation matrix and the Wilcoxon	Study revealed that there was significant difference in the performance indices of banks in

			code of corporate governance and performance of deposit money banks in Nigeria.	Sign-Test.	Nigeria as compared to their performance prior to the implementation of the codes. It was therefore recommended among others that in line with the provisions of the 2011 SEC code, corporate ethics and values should be aligned with personal ethics especially among board members appointed to every respective board committee.
13	Mohamed, G. A., & Khairy, E.	2016	Corporate governance mechanisms and corporate financial leverage in an emerging market in Egypt.	The multiple regression models (OLS)	Results show that institutional ownership and governmental ownership are significantly positively related to corporate leverage, whereas board size, board female, and block holding are found to be significantly negatively correlated.
14	Abdulazeez, D. A., Ndibe, L. & Mercy, A. M.	2016	Corporate Governance and Financial Performance of Listed Deposit Money Banks in Nigeria	Regression model	They found that larger board size contributes positively and significantly to the financial performance of deposit money banks in Nigeria.
15	Sumedrea, S.	2016	Gender diversity and	Regression	Companies with board and management team gender

			firm performance in seeking for sustainable development.		diversity tend to score higher in terms of ROA and ROS than companies where men are in charge. Women in managerial positions in large companies tend to relate better with customers and help sales improvement
16	Olawale, L. S., Ilo, B. M, & Lawal, F. K.	2016	The effect of firm size on the performance of firms in Nigeria.	Regression model, fixed effects model and random effects model	The results of their study reveal that firm size in terms of total assets has a negative effect on performance, while in terms of total sales, firm size has a positive effect on the performance of Nigerian non-financial companies
17	Odiwo, W. O., Chukwuma, C. S., & Kifordu, A. A.	2016	The impact of corporate governance on the performance of manufacturing firms in Nigeria.	Expo-facto research design and ordinary least square	Findings revealed that Chief Executive Officer Shareholding has a positive and a significant impact on organizational performance at 5% level of significance. Director's shareholding has a negative and a significant impact on organizational performance at 1% level of significance. Board size has a positive and a significant impact on organizational performance at 1% level of significance. Board gender has a negative and an

					insignificant impact on organizational performance at more than 10% level of significance.
18	Aminu, B., Aisha, M., & Muhammad, T.	2015	Empirical study on corporate governance variable board size and composition on financial performance using selected firm in Nigeria,	Regression model	Board size has significant negative impact on performance with respect to ROE and ROA. On the other hand, the study revealed that board composition has a significant positive effect on performance with respect to ROE and ROA.
19	Okaro, S. C., Okafor, G. O., & Okoye, E. I,	2015	Corporate governance and audit quality in Nigeria	Binary logistic regression model.	The major findings of their study are that small board size and greater board diligence impact positively on audit quality.
20	Osisioma, C. B., Egbunike, A. P., & Adeaga, J. C	2015	Impact of corporate governance on deposit money banks' performance in Nigeria	Panel Survey research design	No statistical significant difference between corporate governance practices among the DMBs based on the perceptions of the shareholders and there is significant relationship between DMBs' performance and corporate governance proxy

					variables and also the corporate governance proxy variables have impacted both positively and negatively on DMBs' performance in Nigeria.
21	Muganda, M. M., & Umulkher, A. A.	2015	The effect of corporate governance on environmental reporting.	OLS	The findings of the study show that board size, board independence, audit committee independence and managerial ownership concentration have a positive and significant relationship with environmental reporting.
22	Okaro, S. C., Okafor G. O., & Egbunike, F. C	2015	The attributes that make for audit committee effectiveness in Nigeria from the perspective of Professional Accountants.	The survey research design. ANOVA test statistic	Five most important factors stood out as having a strong influence on audit committee effectiveness in Nigeria where in the following order: - Financial literacy of members; Only non-executive Directors should be members of the Committee; Members must be open to regular training; Members must be able to ask relevant questions; and Members must have machinery for periodic evaluation of their performances.
23	Kritika, V. C.	2015	Impact of	ANOVA and	The results show that ROE and

			board size on firm performance: A study of selected BSE 500 companies.	Regression Analysis.	Tobin's Q were large for companies with small board size. Also, medium size boards were reported to perform better than either very small or very big boards. However, the results were not statistically significant.
24	Azeez, A. A.	2015	Corporate Governance and Firm Performance: Evidence from Sri Lanka	Multiple regression model	The results also revealed that the separation of the two posts of CEO and chairman has a significant positive relationship with the firm performance, while the presences of non-executive directors on the board are not associated with firm Performance of the listed companies
25	Frimpong S., Ohene, D. G., Bawuah, J., Osman, B. H., & Kuutol, P. K.	2015	Impact of Corporate Governance Mechanisms and Banks Performance: Ghana's Position.	Regression analysis of cross-sectional and time series data.	The study revealed that Return on Asset has a positive and significant relationship with Non-executive director, bank size and bank growth and significant negative relationship with Audit Committee size, Board Gender Diversity, Board Business Management Experience and Board Members Education Qualification. Also, Return on Equity is significant and positively related to Non-

					Executive Director, Leverage and Bank Growth Rate while Bank size is negatively and significantly related to return on Equity. Cost-Income Ratio showed a positive relationship with Audit Committee size and Board Gender Diversity and significant negatively related to Industry specific experience and Non-Executive Directors.
26	Akingunola R.O, Adekunle O.A, & Adedipe O.A.	2015	Corporate Governance And Bank's Performance in Nigeria	Ordinary least squares regression method	Their result shows that Bank deposits mobilized and credits created over these period increased over the years but were more positively related to bank performance during the period of consolidation although not significant. Furthermore, managerial traits of managers employed in the bank seemed to be the major determinant factors of bank performance when they are positively embraced.
27	Ebrahim, M. A., Abdullah, K. A., & Faudziah H. B. F.	2014	Corporate governance mechanisms and firm performance	Regression method	The findings of this study reported that there are positive but insignificant relationships between board size (BOARDSIZE) with ROA. However, the effect of board

					independence (BORADIN) on the firm performance is negative but not significant.
28	Tukur, G., & Bilkisu, A. A.	2014	Board diversity and financial performance of insurance companies in Nigeria	Feasible generalised least squares and random effects estimators,	Study reveal that gender diversity and foreign directors have a positive influence on insurance companies' performance. But the findings indicate a negative and significant 15relationship between board composition and performance of insurance companies in Nigeria.
29	Arinze, G. O.	2014	Effect of corporate governance practices and regulatory agencies on the performance of government establishments in Anambra State of Nigeria.	Spearman's rank correlation coefficient and student t-transformation	The results of this study reveal that corporate governance has positive and significant relationship on the performance of corporate governance regulatory agencies. The study also revealed that agreement on corporate governance has positive and significant relationship with lay down standard.
30	Gugon, B. K., Arugu, L, O., & Dandago, K. I,.	2014	The impact of ownership structure on the financial performance of listed	Regression model	The findings indicated that there is a significant positive relationship between ownership structure and firm's performance as measured by ROA and ROE

			insurance firms in Nigeria		
31	Shungu, P., Ngirande, H. & Ndlovu, G.	2014	Impact of Corporate Governance on the Performance of Commercial Banks in Zimbabwe.	Multiple regression model	Their results indicated unidirectional causal relationship from corporate governance to bank performance. In addition, their result revealed a positive relationship between board composition, board diversity and commercial bank performance; and a negative relationship appears between board size, board committees and bank performance.
32	Bilal, L., Hazoor, M. S,, Sharjeel, S. & Arfan, A	2014	The effects of corporate governance on firm financial performance: a study of family and non-family owned firms in Pakistan.	T-test and multiple regressions using OLS as a method of estimation	Results provide evidence that, non-family controlled firms have significantly higher firm financial performance and governance level then family controlled firms. Corporate governance structure influences the family and non-family controlled companies' performance. Board size and separate leadership style have significant positive impact while board meetings and board structure have negative significant impact on performance.

33	Edem, O. A, & Noor, A. A.	2014	Board characteristics and company performance: Evidence from Nigeria.	Multiple regression model	The empirical evidence shows that board size and board education are positively and significantly related to company performance. While there is no relationship between boards equity, board independence, and board age. Also, this study showed evidence of a negative significant relationship between board women and turnover.
34	Kiruri, R. M.	2013	The Effects of Ownership Structure on Bank Profitability in Kenya.	OLS	The findings of the study indicated that ownership concentration and state ownership had negative and significant effects on bank profitability while foreign ownership and domestic ownership had positive and significant effects on bank profitability.
35	Adeusi S, Akeke N, Aribaba F, & Adebisi O.	2013	Corporate Governance And Firm Financial Performance: Do Ownership And Board Size Matter.	OLS	The result indicates that improved performance of the banking sector is not dependent on increasing the number of executive directors and board composition. The result further revealed that when there are more external board members, the performance of banks tends

					to be worse.
36	Eyenubo, A. S.	2013	Impact of bigger board size on financial performance of firms in Nigeria	Regression technique.	Revealed that bigger board size affects the financial performance of a firm in a negative manner.
37	Ashenafi, B. F., Kelifa, S. K., & Yodit, K. W.	2013	Corporate governance mechanisms and firm performance in Ethiopia.	OLS	The findings of the study indicated that: board size and existence of an audit committee of the board had a statistically significant positive effect on performance (ROA and ROE). Similarly, capital adequacy ratio as a proxy of external corporate governance had a statistically significant positive effect on performance (ROA and ROE).
38	Babalola, Y. A.	2013	The effect of firm size on the profitability of manufacturing companies listed in the Nigerian Stock Exchange	OLS	The results of the study, firm size, both in terms of total assets and total sales, has a positive impact on the profitability of manufacturing companies in Nigeria.
39	Ashenafi, B. F., Kelifa, S. K., & Yodit, K. W.	2013	Corporate Governance and Impact on	Qualitative and quantitative methods	The findings of the study indicated that: board size and existence of audit committee in

			Bank Performance		the board had statistically significant positive effect on bank performance (ROA and ROE). Also, capital adequacy ratio as a proxy of external corporate governance had statistically significant positive effect on bank performance (ROA and ROE)
40	Okaro, & Okafor	2013	Corporate board effectiveness and external audit quality.	Independent T-tests were employed	They found no evidence of significant differences in the perceptions of the relationship between board effectiveness and audit quality according to gender, job type and experience.
41	Tornyeva, K & Wereko, T.	2012	The relationship between corporate governance and the performance of insurance companies.	Regression model	Results show that generally corporate governance has a positive impact on performance in term of profitability.
42	Al-Manaseer, M. F., Hindawi, M. R., Dahiyat, M. A., & Sartawi, I. T.	2012	The impact of corporate governance on performance in Jordanian banks	OLS estimation	The study revealed a significant negative relationship between board size and banks performance as measured by return on equity and earnings per share; but insignificant negative association of board

					size with return on asset and profit margin. It is only bank size that was significant and positively related to earnings per share. The study also revealed a positive association between board independence and foreign ownership and bank performance measures (ROA, ROE, PM and EPS). In addition, CEO status had a significant negative influence on the profit margin.
43	Shukeri, S. N., Shin, O. W., & Shaari, M. S.	2012	The effect of board characteristics on firm performance	Regression analysis	The results show that board size and ethnic diversity have a positive relationship with ROE while board independence has a negative relationship. There is no significant relationship between managerial ownership, CEO duality and gender diversity on firm performance.
44	Nyarige, E. M.	2012	Corporate governance structures and firm financial performance. The study of nine firms	OLS	The findings of the study indicated that board size negatively affects the banks' market performance while board independence affects the bank's market performance positively.

			(commercial banks) listed on NSE between 2005 and 2010.		
45	Ajala, O. A., Amuda, T. & Arulogun, L.	2012	Evaluating the Effects of Corporate Governance on the Performance of Nigerian Banking Sector	Pearson Correlation and the regression analysis	Their study revealed that a negative but significant relationship exists between board size and the financial performance of these banks while a positive and significant relationship was also observed between directors' equity interest, level of corporate governance disclosure index and performance of the sampled banks.
46	Ujunwa, A., Nwakoby, I., & Ugbam, O. C.	2012	Corporate board diversity and firm performance: Evidence from Nigeria.	Fixed effect generalised Least Square Regression	The results show that gender diversity was negatively linked with firm performance, while board nationality and board ethnicity were positive in predicting firm performance.
47	Khatab, H, Masood, M., Zaman, K., Saleem, S., & Saeed, B.	2011	Corporate governance and firms' performance of twenty firms listed at the Karachi Stock Exchange	Pooled Ordinary Least Square estimation method	The findings of the study indicated that leverage positively and significantly impacts on Tobin's Q and return on asset and leverage positively and significantly influenced return on equity. However, growth had a negative and

					significant impact on return on equity while the size of firms remained insignificant.
48	Dar, L, Naseem, M. A., Niazi, G. S. K., & Rehman, R. U.	2011	Corporate Governance Mechanisms (board size, chief executive status, annual general meeting and audit committee) and two Firm Performance Measures (return on equity, ROE, and profit margin, PM), of Karachi Stock Exchange of listed oil & gas firms	The t-test and Multiple Regression analysis	Results provide an evidence of a significant effect and the positive relationship between ROE and board size as well as the annual general meeting. But ROE has a negative relationship with the audit committee and CEO status and both have a significant effect on it. The results further expose a positive relationship between PM, board size and the annual general meeting and they have no significant effect. The study, however, could not provide a significant effect between PM and audit committee. CEO status and audit committee have a negative relationship with PM but CEO status has a significant effect.
49	Uwuigbe, O. R.	2011	Governance and Financial Performance of Banks: A Study Of Listed Banks	regression analysis and the t-test statistics	R esult revealed a negative but significant relationship exists between board size, board composition and the financial performance of these banks, while a positive and significant

			in Nigeria.		relationship was also noticed between directors' equity interest, level of governance disclosure and performance.
50	Oyoga, B.	2010	The corporate governance practices and performance of financial institutions listed on the NSE	OLS	The findings of the study revealed that there is a positive relationship between boards of composition with performance of financial institutions listed on NSE. On overall the study found that financial institutions listed on NSE should endeavor to attain the highest possible level of corporate governance.
51	David, A. C., Frank, D., Betty, J. S., & Gary, S. W.	2010	The gender and ethnic diversity of us boards and board committees and firm financial performance.	The regression analysis	Significant relationship between the gender or ethnic diversity of the board, or important board committees, and financial performance for a sample of major US corporations. Their evidence also suggests that the gender and ethnic minority diversity of the board and firm financial performance appear to be endogenous.

2.6 Gap in Literature

They have been litany of studies on corporate governance and firm performance in Nigeria and beyond with conflicting findings. However, many of these studies either focus on firms in the financial or non-financial industries, or even combining companies from these industries to form a unified population or sample for their study without considering the peculiarities of the two industries. Hence, the researchers took into account the peculiarities of the financial and non-financial institutions in Nigeria in carrying out this parallel survey on the impact of corporate governance mechanisms on firms' financial performance on two distinct sector of each of the these institutions - banking sector and the consumer goods sector simultaneous analysis. The conceptual framework adopted for this study gives this research a different looks from other previous studies. The conceptual framework of this study is unique to other conceptual framework found in the extant literature on corporate governance and firm performance. Also, this study falls within the period the Security and Exchange Commission (SEC) introduces the improved version of the corporate governance of 2011, as well as the period the Nigeria economy experienced recession and equally recovered or existed from the recession.

There is still no unified consensus on the relationship between corporate governance and firm performance (Babatunde & Olaniran 2009). Again, most of the studies on corporate governance and firms' financial performance have been strongly debated in the context or perspective of the developed countries (Goto & Omi 2010). This assertion was supported by the findings of Okpara (2010) and Dahawy, (2007) who in their studies reported that scholars in advanced countries have developed a fairly sizeable literature on corporate governance and firms' performance. The implication of these reports by these researchers is that, there is need to carry out more studies on

corporate governance in developing countries like Nigeria. Consequently, this study will not only seek to contribute to corporate governance literature, but chooses to simultaneously analyze the relationship between internal corporate governance mechanisms and firms' financial performance on two separate sectors in the Nigeria economy.

According to Wintoki, Linck and Netter (2012), several empirical studies often face serious methodological problems with respect to the cause-effect relationship. This study tries to overcome this problem by choosing the method that fits the secondary data for the study. This study is a recent work that will utilize an up-to-date comprehensive data from 2012 to 2016 that would be gathered from the corporate environment of a developing economy. Finally, the outcomes of the two studied is an avenue for further comparative analysis.

CHAPTER THREE

METHODOLOGY

3.1 Research Design

The research design strategy that was employed in this study was the *ex post facto* research design which is very common and ideal method of conducting research in management and social sciences. According to Simon and Goss (2013), *ex post facto* research is one which is based on a fact or event that has already happen and at the same time employs the investigation and basic logic of enquiry used in experimental method. It is mostly used when it is not possible or acceptable to manipulate the characteristics of the variables under study. The choice for this research strategy was that the data for conducting this study are already available in the audited annual reports; company's website and Nigeria Stock Exchange facts books of the selected firms, and figures found in this secondary source are not under the manipulation and control of the researcher.

3.2 Area of Study

The area of study covered the financial and the non-financial institutions in Nigeria, and as such, the study focused on the banking sector and the consumer goods sector of the Nigeria economy. A simultaneous analysis of the relationship between corporate governance mechanisms and firms' financial performance were carried out on the two distinct sectors selected for the study. The banking sector and consumer goods sector were chosen for this parallel study because it is alleged that the banking sector is heavily regulated when compared to the consumer goods sector. Again, the services of banks are very important to every sector of the Nigeria economy. The consumer

goods sector was equally chosen for this simultaneous analysis because the products (finished goods) of this sector are closer to the heart of the citizenry of country as well necessary for the economic growth of a country.

3.3 Populations of the Study

A research population is generally a large collection of individuals or objects that are the main focus of the study known to have similar characteristics or traits for whose benefit the researches are done (Mugenda & Mugenda, 2003). The heterogeneous population for the parallel analysis constitutes the entire deposit money banks and the consumer goods companies listed on the Nigerian Stock Exchange. The accessible populations of the two distinct sectors from which the samples were selected are the listed deposit money banks and consumer goods firms which have full compliance status with the Nigerian Stock Exchange (NSE), and which must have been listed on the floor of the NSE as at 2010. After due consultation on the corporate website of the Nigerian Stock Exchange, a total of sixteen (16) deposit money banks and twenty-two (22) consumer goods firms were identified respectively. Among these sixteen (16) deposit money banks, only thirteen (13) of them have full compliance status with the Nigerian Stock Exchange. The three banks that were excluded for the population, two (2) of the banks were tagged with one of the various non-compliance codes of the Nigerian Stock Exchange, while one of the bank just gain the status of listing on the floor of the NSE in 2016. On the other hand, of the (22) consumer goods firms identified, only eighteen (18) of them have full compliance status with the Nigeria Stock Exchange, while the remaining four (4) of these companies were tagged with one of the various non-compliance codes of the Nigerian Stock Exchange. However, for the purpose of this study, only deposit money banks and consumer goods firms having full compliance status with the

Nigeria Stock Exchange and which must have started listing on the floor of the NSE as at 2010 were considered as the respective population for which the various samples for the simultaneous analysis were selected.

3.4 Sampling and Sampling Technique

To conduct this research, after purposively considered the criteria for a firm to be part of the population, the simple random sampling technique was adopted to select members of the samples. The respective samples for the parallel analysis were selected from the accessible population. The accessible population for the banking sector constitutes a total thirteen (13) deposit money banks, and as such the researchers decided to choose all of the thirteen banks to form the sample for the banking sector. On the other hand, the accessible population for the consumer goods sector was made up of eighteen (18) consumer goods firms. However, to have the same sample size of thirteen as is the case of the banking sector, thirteen (13) consumer goods firms were randomly selected from the eighteen (18) consumer goods firm that made the accessible population.

3.5 Methods of Data Collection

The data for parallel samples in the study were collected from secondary source. The financial data and internal corporate governance mechanisms data for the study was taken from the audited published financial statements and annual reports of the selected deposit money banks and consumer goods firms for the study respectively. The Nigerian Stock Exchange and the applicable corporate website of the studied banks and consumer goods companies were consulted for the collection of data for the simultaneous analysis. The data gathered for the study covered a period from 2012 – 2016 of the sampled banks and consumer goods firms.

3.6 Operational Measures of Variables

Adams and Johnson (1985) observed that it is very important in statistics to know how a set of observations is measured because this would influence the method of analysis. The main variables for the two sectors used for the simultaneous analysis were corporate governance mechanisms- the independent/predictive variables and the financial performance measures- the dependent/criterion variables. The proxies used for the banking sector were the same proxies used for the consumer goods sector.

3.6.1 Dependent Variable

The dependent variable for the study is financial performance and this was measured via Return on Equity (ROE); Returns on Asset (ROA) and Earnings Per Share (EPS).

Returns on Equity refer to net profit after tax divided by average shareholders' equity in a financial year.

That is, $ROE_{it} = \frac{\text{Profit after tax}}{\text{Average shareholders}'\text{equity}}$

Return on Assets refers to the ratio of annual net income to average total assets of a business during a financial year.

That is, $ROA_{it} = \frac{\text{Net Income}}{\text{Average Total Assets}}$

Earnings Per Share on the other hand, refer to as profit or loss attributable to the ordinary shareholder, divided by the number of ordinary shareholders (Jennings, 1993).

That is, $EPS_{it} = \frac{\text{Earnings available to ordinary shareholders}}{\text{Number of ordinary share}}$

3.6.2 Independent Variables

The independent variable for the study is Corporate Governance Mechanisms, and this was measured via Board Size (BSize), Non-Executive Directors (NED), Female Board Membership (FBM), and Audit Committee Independence (ACI) for the respective sectors used for the study. Board Size stands for the number of board members in a particular year; Non-Executive Director stands for the proportion of independent directors or non-executive directors sitting on the board in a particular year; Female Board Membership stands for number of females on the board; and Audit Committee Independence stands for the proportion of independent directors in the audit committee in a particular year.

3.6.3 Firm size

Firm size is the control variable used in this study. Total assets, market value, total sales and number of employees have all been used as firm size measures in different empirical work. However, there is not any consensus in the literature about how to measure firm size. A number of studies have used total assets as firm size measure (Olawale, et al., 2016; Khatap et al. 2011; Saliha & Abdessatar, 2011; Haniffa & Hudaib, 2006; Bhagat & Bolton 2008). Hence, total assets were equally used as a measure for firm size in this study.

3.7 Model Specification

The economic model used in the study was in line with what are mostly found in the literature (Tornyeva & Wereko 2012; Okougbo 2011). This is given as:

$Y= \beta 0 + \beta x_{it}+U_{it}$

Where, Y is the dependent variable; β_0 is constant; β is the coefficient of the explanatory variable (corporate governance mechanisms); X_{it} is the explanatory variable; and U_{it} is the error term (assumed to have zero mean and independent across time period). It is important to state that this study employed three financial ratios (ROE, ROA and EPS) to measure the firms' financial performance of each sector used for this simultaneous analysis. The models used for this study are specified with regards to the objectives of the study and were employed concurrently for the two sectors used in the parallel survey.

Accordingly, the functional relationships between the variables are casted thus:

ROE = f(BSize) ……………………………………………………………………………….3.1

ROA = f(BSize) ……………………………………………………………………………….3.2

EPS = f(BSize) ………………………………………………………………………………..3.3

ROE = f(NED) ………………………………………………………………………………..3.4

ROA = f(NED) ………………………………………………………………………………..3.5

EPS = f(NED) …………………………………………………………………………………3.6

ROE = f(FBM) ………………………………………………………………………………..3.7

ROA = f(FBM) ………………………………………………………………………………..3.8

EPS = f(FBM) ………………………………………………………………………………...3.9

ROE = f(ACI) ……………………………………………………………………………….3.10

ROA = f(ACI) ……………………………………………………………………………….3,11

EPS = f(ACI) ………………………………………………………………………………..3.12

ROE = f(Fsize) ……………………………………………………………………………….3.13

ROA = f(Fsize) ……………………………………………………………………………….3.14

EPS = f(Fsize) ………………………………………………………………………………...3.15

Econometric transformations of the functional model are specified thus:

Model One:

$ROE_{it} = a_o + a_1 BSize_{it} + U_{1it}$ …………………………………………………………….3.16

$ROA_{it} = \beta_o + \beta_1 BSize_{it} + U_{2it}$ …………………………………………………………….3.17

$EPS_{it} = \alpha_o + \alpha_1 BSize_{it} + U_{3it}$ …………………………………………………………….3.18

Model Two:

$ROE_{it} = a_o + a_2 NEDs_{it} + U_{1it}$ …………………………………………………………….3.19

$ROA_{it} = \beta_o + \beta_2 NEDs_{it} + U_{2it}$ …………………………………………………………….3.20

$EPS_{it} = \alpha_o + \alpha_2 NEDs_{it} + U_{3it}$ …………………………………………………………….3.21

Model Three:

$ROE_{it} = a_o + a_3 FBM_{it} + U_{1it}$ …………………………………………………………….3.22

$ROA_{it} = \beta_o + \beta_3 FBM_{it} + U_{2it}$ …………………………………………………………….3.23

$EPS_{it} = \alpha_o + \alpha_3 FBM_{it} + U_{3it}$ …………………………………………………………….3.24

Model Four:

$ROE_{it} = a_o + a_4 ACI_{it} + U_{1it}$ ……………………………………………………………...3.25

$ROA_{it} = \beta_o + \beta_4 ACI_{it} + U_{2it}$ ……………………………………………………………..3.26

$EPS_{it} = \alpha_o + \alpha_4 ACI_{it} + U_{3it}$ ……………………………………………………………...3.27

Model Five:

$ROE_{it} = a_o + a_5 Fsize_{it} + U_{1it}$ …………………………………………………………….3.28

$ROA_{it} = \beta_o + \beta_5 Fsize_{it} + U_{2it}$ …………………………………………………………….3.29

$EPS_{it} = \alpha_o + \alpha_5 Fsize_{it} + U_{3it}$ …………………………………………………………….3.30

Furthermore, to determine the relationship of the variables for the study, the multiple regression models were adopted, hence the variables were collapsed to reflect the model below:

FFP = f(Bsize, NEDs, FBM, ACI, Fsize) …………………………………………………3.31

The Corporate governance indicators (namely – Board Size (Bsize), Non-Executive Directors (NEDs), Female Board Membership (FBM), and Audit Committee independence (ACI) are the independent variables, and Firms Financial Performance (FFP) indicator [namely – Returns On Equity (ROE), Return On Asset (ROA), and Earnings Per Share (EPS)] are the dependent variables.

The models were transformed to econometric format based on each financial performance proxy. Thus;

$ROE_{it} = a_o + a_1BSize_{it} + a_2NEDs_{it} + a_3FBM_{it} + a_4ACI_{it} + a_5Fsize_{it} + U_{1it}$ ………………….3.32

$ROA_{it} = \beta_o + \beta_1BSize_{it} + \beta_2NEDs_{it} + \beta_3FBM_{it} + \beta_4ACI_{it} + \beta_5Fsize_{it} + U_{2it}$ ………………..3.33

$EPS_{it} = \alpha_o + \alpha_1BSize_{it} + \alpha_2NEDs_{it} + \alpha_3FBM_{it} + \alpha_4ACI_{it} + \alpha_6Fsize_{it} + U_{3it}$ …………………3.34

Where:

ROE = Return on Equity as proxy for Financial Performance

ROA = Return on Asset as proxy for Financial Performance

EPS = Earnings per Share as proxy for Financial Performance

a_o , β_0 & α_o= intercept/constant in model one, two and three respectively

a_1, β_1 & α_1= coefficient for each of the independent variable of the respective models

BSize = Board Size (measured by number of inside and outside directors on the board)

NED = Non-Executive Directors (Proportion of NEDs and Independent directors on the board)

FBM = Female Board Membership (measured by number of women directors present on the board)

ACI = Audit Committee Independent (Proportion of independent directors in audit committee in a particular year.

FSize = Firm Size (measured by natural logarithm of total assets)

U_1 , U_2 & U_3= Error terms.

Subscripts i and t represent firm and time period respectively.

3.8 Method of Data Analysis

In this study, the multiple regression analysis method was used in analyzing the collated quantitative data in determining the relationship between the corporate governance variables and financial performance variables of the respective sector used in the simultaneous analysis via the Statistical Package for the Social Sciences (SPSS) version 23.

Decision Rule:

At 5% (0.05) level of significance (α), for the purpose of the study, if p-value is less or equal to 0.05, we reject the null hypothesis (Ho). But if p-value is greater than 0.05 then fail to reject the null hypothesis (Ho).

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

4.1 Descriptive Statistics

The descriptive analysis allows us to describe the relevant aspects of the phenomena under consideration and provide detailed information about each relevant variable. Descriptive statistics results were used in describing the basic features of the data by providing summary information about each relevant variable used in the study with respect to the banking sector and the consumer goods sector in Nigeria. The proxies used for the banking sector analysis were the same proxies used in the consumer goods sector analysis. This would enable the ease of comparative analysis of the outcomes from the two sectors.

Table 4.1a: Descriptive Statistics for the Banking Sector Variables

Variables	Observations	Minimum	Maximum	Mean	Standard deviation
ROE	65	-.57	.46	.1149	.13560
ROA	65	-.06	.17	.0242	.02999
EPS	65	-58.74	243.00	13.5848	49.37858
BSIZE	65	9.00	19.00	14.3385	2.50173
NEDs	65	6.00	12.00	8.9692	1.29867
FBM	65	.00	5.00	3.0000	1.39194
ACI	65	2.00	3.00	2.9077	.29171
FSIZE	65	20.60	27.52	23.3005	2.50608

Source: Researcher's Computation 2018.

KEYS: ROE = Returns On Equity; ROA= Returns On Asset; EPS= Earnings Per share; BSIZE= Board Size; NEDs= Non-Executive/Independent Directors; FBM= Female Board Membership; FSIZE= Firm/Bank Size

The above descriptive statistics showed the basic features of the data of the 13 banks used for this study across five years period. From table 4.1a, Return on Equity (ROE) as a measure of performance variable in the banking sector of this study has a mean value of 0.1149; minimum of -0.57 and a maximum of 0.46 with a relatively low standard deviation of 0.1356. Return on Asset (ROA) as another measure of performance in the banking sector has a mean value of 0.0242; minimum and maximum values of -0.06 and 0.17 respectively; with standard deviation of 0.2999. While EPS which is also measure of performance in this study in the banking sector has a mean value of 13.5848; minimum of -58.74; maximum of 243.00; and a standard deviation of 49.3786.

Furthermore, the descriptive statistic revealed that the board size of the thirteen (13) banks across the five years period used in this study has an average board size of 14 directors, with a minimum of 9 directors and maximum of 19 directors forming the size of a board in the banking sector in Nigeria, with standard deviation of 2.5017. Non-Executive/independent directors on the board of deposit money banks in Nigeria constituted an average of nine (9) directors, with a minimum of six (6) and a maximum of twelve (12) with a standard deviation of 1.2987. On the average, the result indicated that female board membership (FBM) sitting on the board of deposit money banks in Nigeria stood at three (3), with a minimum of zero (0) and a maximum of five (5) with a standard deviation of 1.3919. Audit committee independence as a corporate governance variable in this study and which constitute only those independent/non-executive directors in the audit committee has an average of three (3) non-executive/independent director a member of the audit committee, with a minimum of two (2) and a maximum of three (3) non-executive/independent directors in the audit committee of deposit money banks in Nigeria, while the standard deviation stood at 0.2917. The average size of the total assets of the sampled thirteen (13) banks (bank/firm size) across the

five years period of 2012 - 2016 after applying natural logarithm to reduced the large figures associated with total assets was 23.3005, with a minimum value of 20.60 and a maximum of 27.52, while the standard deviation stood at 2.5061.

Table 4.1b: Descriptive Statistics for the Consumer Goods Sector Variables

Variables	Observations	Minimum	Maximum	Mean	Standard deviation
ROE	65	.02	.73	.2198	.15020
ROA	65	.01	.29	.0986	.06689
EPS	65	.10	42.26	6.9113	10.26984
BSIZE	65	6.00	15.00	9.8615	2.52411
NEDs	65	5.00	12.00	7.1385	2.12777
FBM	65	.00	4.00	1.5231	1.00168
ACI	65	1.00	3.00	2.7231	.62519
FSIZE	65	16.06	19.98	18.0771	1.08315

Source: Researcher's Computation 2018.
KEYS: ROE = Returns On Equity; ROA= Returns On Asset; EPS= Earnings Per share; BSIZE= Board Size; NEDs= Non-Executive/Independent Directors; FBM= Female Board Membership; FSIZE= Firm/Bank Size

The above table 4.1b is also a descriptive statistics with respect to the consumer goods sector of the Nigerian. The table equally showed the basic features of the analyzed data across the five years period of 2012 – 2016 of the 13 consumer goods firms chose for the parallel study. From table 4.1b, Return on Equity (ROE) assumed a mean value of 0.2198, minimum of 0.02 and a maximum of 0.73 with a standard deviation of 0.1520. Return on Asset (ROA) has a mean value of 0.01, a

minimum of 0.01 and maximum of 0.29 with standard deviation of 0.0669. EPS of the consumer goods sector indicated a mean value of 6.9113, minimum of 0.10 and maximum of 42.26, while the standard deviation stood at 10.2698.

The result indicates that the board size of the thirteen (13) consumer goods firms used for this study have an average board size of 10 directors, with a minimum of 6 directors and maximum of 15 directors sitting on the board consumer goods firms' in Nigeria, with standard deviation of 2.5241. On the non-executive/independent directors the result indicated that the board of consumer goods firms' in Nigeria have an average number of seven (7) non-executive/independent directors sitting on the board, with a minimum of five (5) and a maximum of twelve (12) with a standard deviation of 2.1278. Female board membership (FBM) sitting on the board of consumer good firms' has an average of two (2) female directors, with a minimum of zero (0) and a maximum of five (4) female directors, with a standard deviation of 1.0017. Audit committee independence has an average of three (3) independent directors as member of the audit committee, with a minimum of one (1) and a maximum of three (3) non-executive/independent directors in the audit committee of consumer goods firms in Nigeria, while the standard deviation stood at 0.6252. The mean size of the total assets of the selected thirteen (13) consumer goods firm (firm size) across the five years period of 2012 - 2016 after applying natural logarithm to reduced the large figures associated with total assets was 18.0771, with a minimum value of 16.06 and a maximum of 19.98, while the standard deviation stood at 1.0832.

Table 4.1c: Comparative Descriptive Statistics of the Banking Sector and the Consumer Goods Sector Variables

Variables	Minimum		Maximum		Mean		Standard Deviation	
	Banking Sector	Consumer Goods Sector	Banking Sector	Consumer Goods Sector	Banking Sector	Consumer Goods Sector	Banking Sector	Consumer Goods Sector
ROE	-0.57	.02	.46	.73	.1149	.2198	.13560	.15020
ROA	-0.06	.01	.17	.29	.0242	.0986	.02999	.066891
EPS	-58.74	.10	243.00	42.26	13.5848	6.9113	49.37858	0.26984
BSIZE	9.00	6.00	19.00	15.00	14.3385	9.8615	2.50173	2.52411
NEDs	6.00	5.00	12.00	12.00	8.9692	7.1385	1.29867	2.12777
FBM	.00	.00	5.00	4.00	3.0000	1.5231	1.39194	1.00168
ACI	2.00	1.00	3.00	3.00	2.9077	2.7231	.29171	.62519
FSIZE	20.60	16.06	27.52	19.90	23.3005	18.0771	2.50608	1.08315

Source: Researcher's Computation 2018.

The above table 4.1c shows the comparative descriptive statistics of the banking sector variables with that of the consumer goods sector variables. From the table, the mean value on ROE is higher in the consumer goods sector than the Banking sector with an average of .2198 and .1149 respectively. The minimum ROE for the consumer goods sector was 0.02 and that of the banking sector was -0.57, while their maximum was 0.73 and 0.46, with a deviation for their mean of 0.1502 and 0.1356 respectively. The result also shows that the consumer goods sector equally has a higher ROA than the banking sector with a mean of .0986 and .0242 respectively. Their minimum ROA for the consumer goods sector was 0.01 as against the banking sector with a

minimum of -0.06, and the maximum for both sectors are 0.17 and 0.29; with their standard deviation standing at .06689 and .0299 for the banking sector and the consumer goods sector respectively. The average value of EPS in the consumer goods sector was 0.2198 which is higher than the banking sector with a mean of 0.1149. The minimum EPS in the consumer goods sector was 0.10 and the banking sector was -0.58.74 with their maximum which stood at 42 and 154 naira respectively. Though the banking sector indicated the high EPS of 154 naira as against the 42 naira in the consumer goods sector, the banking sector has a high deviation from the mean than that of the consumer goods sector.

Furthermore, table 4.1c shown that the Board size in the banking sector has a higher mean of 14.3385 and the consumer goods sector having a mean of 9.8615. The implication is that the average board size in the banking sectors is made up of 14 directors while that of the consumer goods sector was made up of 10 directors. The minimum directors found in the board size in the banking sector are 9 directors and that of the consumer goods sector are 6 directors, and the maximum director stood at 19 directors for the banking sector and 15 directors for the consumer goods sector, and a relatively low standard deviation from the mean with 2.5017 for the banking sector and 2.5241 for the consumer goods sector. The board size of the banking sector in Nigeria is made up of an average non-executive/independent director (NEDs) of 9 directors as against the consumer goods sectors which are made of 7 directors. The minimum NEDs found in the board of Nigeria commercial/universal banks are 6 directors while that of the consumer goods firms are made up of 5 non-executive directors and their maximum are made up of 12 directors for both sectors. The average number of female directors in commercial banks' board for the period under study was made up 3 female directors while that of the consumer goods firm was one (1) female

director. The maximum number of female directors that was found in the board of Nigeria banks for the period under study was 5 female directors while that of the consumer goods sector was 4 female directors. Well, both sectors have an average of 3 non-executive/independent directors in their audit committee, with the banking sector having a minimum of two (2) and the consumer goods sector having a minimum of one (1) director, and the maximum NEDs was 3 for each of the two sectors. The Bank/Firm Size which was measured by the natural logarithm of total assets of the firms in both sectors revealed that the average assets in the banking sector are higher with a value of 23.3005, while that of the consumer goods sector is 18.0771. The banking sector has a minimum asset value of 20.60 as against the consumer goods sector with a 16.06. The maximum for the banking and consumer goods sectors were 27.53 and 19.90 respectively.

4.2 Correlation Analysis

This section presents the correlation between the variables of corporate governance Mechanisms, firm performance and control variables using the Pearson correlation tests. In this section, the correlation analysis was carried out to determine the association between dependent and independent variables and between the dependent variables themselves and also independent variable using the Pearson correlation test. The correlation analysis was necessary to help check multicollinearity among the corporate governance variables and financial performance variables used for the study.

Table 4.2a: Correlation Analysis for the Banking Sector Variables

	ROE	ROA	EPS	BSIZE	NEDs	FBM	ACI	FSIZE
ROE	1							
ROA	.454**	1						
EPS	.213	.023	1					
BSIZE	.157	-.319**	.410**	1				
NEDs	.018	-.061	.546**	.653**	1			
FBM	.067	.064	.092	.363**	.130	1		
ACI	.047	.098	.083	.086	.240	.000	1	
FSIZE	-.281*	-.071	-.144	-.437**	-.079	-.265*	.270	1

**. Correlation is significant at the 0.01 level (2-tailed).
*. Correlation is significant at the 0.05 level (2-tailed).

The table 4.2a above shows the correlation analysis among the variables used in the banking sector in the study. On observation of the correlation of the study variables in the banking sector, ROE have positive correlation between BSIZE, NEDs, FBM, and ACI with the correlation value of 0.157, 0.018, 0.067, and 0.047 respectively and showed a negative correlation with the control variable FSIZE (Bank Size) at a correlation value of -0.281. The table also indicated that ROA positively correlation with FBM and ACI with the correlation value of 0.064 and 0.098 respectively, while BSIZE, NEDs and FSIZE all exhibited negative correlation respectively. Furthermore, EPS correlated positively with BSIZE, NEDs, FBM and ACI with correlation value of 0.410, 0.546, 0.092 and 0.083 respectively, and correlated negatively with FSIZE with a value of -0.144. Furthermore, the correlation analysis in table 4.2a above also show that ROE has a positive correlation with the other financial performance variables such as ROA and EPS with a

correlation value of 0.4.54 and 0.213 respectively, and ROA also correlated positively with EPS with a correlation value of 0.023. The result of Pearson correlation in table 4.2a also showed the cross correlation of the corporate governance (independent) variables used for the banking sector.

Table 4.2b: Correlation Analysis for the Consumer Goods Sector Variables

	ROE	ROA	EPS	BSIZE	NEDs	FBM	ACI	FSIZE
ROE	1							
ROA	.804**	1						
EPS	.416**	.263*	1					
BSIZE	-.047	-.239	- .024	1				
NEDs	-.060	-.197	.108	.798**	1			
FBM	-.013	.037	-.240	.004	-.210	1		
ACI	.269*	.095	.081	.431**	.429**	-.114	1	
FSIZE	.069	.068	.227*	.297*	.338**	-.169	-.094	1

**. Correlation is significant at the 0.01 level (2-tailed).
*. Correlation is significant at the 0.05 level (2-tailed).

The table 4.2b above shows the correlation analysis among the variables employed in the consumer goods sector of this study. From the table, ROE was observed to have a positive correlation with ACI and FSIZE with correlation value of 0.269 and 0.069 respectively while BSIZE, NEDs and FBM have negative correlation with correlation value of -0.047, -0.060, and -0.013 respectively. On the other hand, ROA in the consumer goods sector, correlated positively with FBM, ACI and FSIZE with value of 0.037, 0.095 and 0.068 respectively, while BSIZE and NEDs have negative correlation with correlation value of -0.239 and -0.197 respectively. EPS also

in the consumer goods sector correlated positively with ACI and FSIZE with correlation value of 0.081 and 0.227 respectively, while negatively with BSIZE, NEDs and FBM with correlation value of -0.024, -0.108 and -0.240 respectively. The dependent variables also correlated positively among themselves as exhibited in the table 4.2b. The result of Pearson correlation in table 4.2b equally showed the cross correlation of all the independent variables among themselves employed to the consumer goods sector of this study.

4.3 Multicollinearity Test

Multicollinearity refers to the existence of a perfect or exact linear relationship among some or all explanatory variables of a regression model. That is, multicollinearity is a statistical phenomenon in which there exists a perfect or exact relationship between the predictor variables. However, Field (2009) indicates that there is not any multicollinearity if independent (explanatory) variables of a regression model meet the following criteria: correlations value less than 0.9; tolerance statistic above 0.2 and VIF (variance inflation factor) that is below 10. According to Kennedy (1992) also stated that multicollinearity comes to play and becomes a serious problem if the VIF of continuous independent variables exceeds 10. This study tested for the possible existence of multicollinearity in all of the independent and control variables using aforementioned parameters of the tolerance statistics and VIF (variance inflation factor) in the three regression analysis models used for each of the two sectors -the banking sector and the consumer goods sector in the study.

Table 4.3: Values for the Tolerance and Variance Inflation (VIF) for the Explanatory Variables in the Banking Sector and Consumer Goods Sector

	Collinearity Statistics			
	Banking Sector		**Consumer Goods Sector**	
	Tolerance	**VIF**	**Tolerance**	**VIF**
Independent Variable (BSize)	0.388	2.577	0.315	3.173
Independent Variable (NEDs)	0.501	1.995	0.305	3.282
Independent Variable (FBM)	0.841	1.189	0.847	1.181
Independent Variable (ACI)	0.854	1.171	0.716	1.397
Control Variable (FSize)	0.667	1.500	0.788	1.268

Source: Researcher's Computation 2018

In table 4.3 above, the highest VIF as obtained for from the test analysis regarding the banking sector was 2.577, and the lowest 1.500. Similarly, tolerance statistics from the same table also of the banking sector shows the range of a lowest of 0.388 to highest 0.854 for all of the explanatory variables used in the model of the study for the banking sector. Therefore, the result of this analysis explains that there is no presence of multicollinearity with respect to the variables used for the first, second and third models used in the banking sector since all studied variables tolerance value exceed 0.2 and their highest value of VIF was less than 2.

On the other hand, table 4.3 also exhibited the tolerance statistics and VIF of the consumer goods sector. Well from the table, the highest VIF with respect to the consumer goods sector was 3.282 and the lowest was 1.181. Also, tolerance statistics for all of the explanatory variables of the consumer goods sector show the lowest of 0.305 and highest of 0.847. Therefore, based on the

values exhibited by table 4.3 with respect to the consumer goods sector, there is equally no presence of multicollinearity with respect to the variables used in the first, second and third models used in the consumer goods sector. A variance inflation factor (VIF) of greater than 10 is a sign that there is concern of multicolinearity problem (Myers, 1990). Since all the VIF values indicated in the table 4.3 above were below 10, and all tolerance values were above 0.20 multicollinearity does do not pose an issue in either of the two sectors selected for the parallel study.

4.4 Test of Hypotheses

In this parallel study, two sectors – banking sector and the consumer goods sector were used to carry out a simultaneous analysis of the impact of corporate governance mechanisms on firms' financial performance in Nigeria. Five null hypotheses were formulated for the study with regards to the banking and consumer goods sectors. The multiple regression analysis was used to examine the relationship between the corporate governance mechanisms and firms' financial performance with regard to the two distinct sectors selected for the study. The corporate governance variables were - BSIZE, NEDs, FBM, ACI, while the financial performance variables are ROE, ROA, EPS, and FSIZE was used as control variable. The models specified in chapter three were adopted for the multivariate simultaneous analysis of the respective sectors used for the study. In summary, the hypotheses stated in chapter one were tested using the multiple regressions analysis at 95% confidence level via the Statistical Package for Social Sciences (SPSS) Version 23 in determining the extent to which the various independent variables of the respective sectors influences the dependent variable. Hence, the level of significance (α) for the study was 0.05. In this section, results from ordinary least square regressions (OLS) will be discussed. Consequently, in order to obtain reasonable result for this study, the various hypotheses stated in chapter one of this study,

were analyzed and tested based on the models specified in chapter three of this study. The following simple linear regression models used to show the relationship between the corporate governance mechanisms and firms' financial performance measures based on the objectives of the study. Hence, the regression model with respect to objective of the study was specified as follows:

Hypotheses One: (Model 1)

$ROE_{it} = a_o + a_1 BSize_{it} + U_{1it}$

$ROA_{it} = \beta_o + \beta_1 BSize_{it} + U_{2it}$

$EPS_{it} = \alpha_o + \alpha_1 BSize_{it} + U_{3it}$

Hypotheses Two: (Model 2)

$ROE_{it} = a_o + a_2 NEDs_{it} + U_{1it}$

$ROA_{it} = \beta_o + \beta_2 NEDs_{it} + U_{2it}$

$EPS_{it} = \alpha_o + \alpha_2 NEDs_{it} + U_{3it}$

Hypotheses Three: (Model 3)

$ROE_{it} = a_o + a_3 FBM_{it} + U_{1it}$

$ROA_{it} = \beta_o + \beta_3 FBM_{it} + U_{2it}$

$EPS_{it} = \alpha_o + \alpha_3 FBM_{it} + U_{3it}$

Hypotheses Four: (Model 4)

$ROE_{it} = a_o + a_4 ACI_{it} + U_{1it}$

$ROA_{it} = \beta_o + \beta_4 ACI_{it} + U_{2it}$

$EPS_{it} = \alpha_o + \alpha_4 ACI_{it} + U_{3it}$

Hypotheses Five: (Model 5)

$ROE_{it} = a_o + a_5 Fsize_{it} + U_{1it}$

$ROA_{it} = \beta_o + \beta_5 Fsize_{it} + U_{2it}$

$EPS_{it} = \alpha_o + \alpha_5 Fsize_{it} + U_{3it}$

The hypotheses formulated for the study are listed below, and they were analysed and tested using the multiple regression model with respect to the two sectors selected for the simultaneous analysis.

Ho_1: There is no significant relationship between Board Size and firms' financial performance in the banking sector; and consumer goods sector.

Ho_2: There is no significant relationship between Non-Executive Directors and firms' financial performance in the banking sector; and consumer goods sector.

Ho_3: There is no significant relationship between Female Board Membership and firms' financial performance in the banking sector; and consumer goods sector.

Ho_4: There is no significant relationship between Audit Committee Independence and firms' financial performance in the banking sector; and consumer goods sector.

Ho_5: There is no significant relationship between Firm size and firms' financial performance in the banking sector; and consumer goods sector.

Table 4.4.1: Multiple Regression Analysis Result for for the Banking Sector and Consumer Goods Sector Based on the Financial Performance Variable ROE

Coefficients[a]

	BANKING SECTOR					CONSUMER GOODS SECTOR				
Model	**Unstandardized Coefficients**		**Standardized Coefficients**	**t-statistic**	**Sig.**	**Unstandardized Coefficients**		**Standardized Coefficients**	**t-statistic**	**Sig.**
	B	**Std. Error**	**Beta**			**B**	**Std. Error**	**Beta**		
(Constant)	.326	.258		1.263	.212	-.464	.349		-1.329	.189
BSize	.005	.011	.086	.432	.667	-.008	.013	-.140	.656	.514
NEDs	-.010	.018	-.092	-.526	.601	-.015	.015	-.208	.960	.341
FBM	-.003	.013	-.031	-.230	.819	.005	.020	.033	.256	.799
ACI	.066	.062	.142	1.062	.293	.107	.034	.444	3.136	.003
FSIZE	-.016	.008	-.297	-1.964	.054	.032	.019	.229	1.694	.095

Model Summary[b]

	R	**R Square**	**Adjusted R Square**	**Std. Error of the Estimate**	**Change Statistics**			**Durbin-Watson**
					R Square Change	**F Change**	**Sig. F Change**	
Banking Sector	.316[a]	.100	.024	.13400	.100	1.308	.273	2.207
Consumer Goods Sector	.392[a]	.154	.082	.14390	.154	2.146	.072	1.728

a. Dependent Variable: Dependent Variable (ROE)

Source: Computation by researchers using SPSS 23.

Banks ROE = .326 + .005**B.Size** - .010**NEDs** – .003**FBM** + .066**ACI** - .016**FSIZE**

Consumer Good ROE = -.464 - .008**BSIZE** - .015**NEDs** + .005**FBM** + .107**ACI** - .032**FSIZE**

P (α) = 0.05

The results of the multiple regression analysis presented above in table 4.4.1 were based on the financial performance variable return on equity and the independent variables for the study with respect to the banking sector and consumer goods sector. From the table, the regression result with respect to the banking sector indicated that R^2 is 0.100 in the banking sector analysis. This implies that the explanatory/independent variables - BSize, NEDs, FBM and ACI explain changes in return on equity in the banking sector to the extent of 10 percent, while the remaining 90 percent are accounted for by the error terms which are accommodated in the model one specified. The regression result indicated that BSize and ACI have positive influenced on return on equity (ROE), while NEDs, FBM and FSIZE have negative relationship with ROE in Nigeria deposit money banks. The extent of these relationship were further determined using the test statistic for significant, hence, the t-statistics represented by the P-statistics were used to test the statistical significance of these relationship between the explanatory variables – BSIZE, NEDs, FBM, ACI, FSIZE and the financial performance variable - ROE. The result revealed that BSize and ACI have positive influence on deposit money banks returns on equity in Nigeria, while NEDs, FBM and FSIZE indicated negative relationship with deposit money banks ROE. However, all of these relationship were not statistical significant to be relied upon at $P > 0.05$ (i.e. .667, .601, .819, .293 and .054 > 0.05) respectively. This implies that there is no significant relationship between the corporate governance mechanisms and returns on equity in Nigeria commercial or universal banks. Meaning that the changes in return on equity in Nigeria commercial banks are not influenced by bank board size, non-executive directors, female board member, audit committee independence and size of the banks (total assets).

On the other hand, the regression result with respect to the consumer goods sector from table 4.4.1 above on the relationship between ROE and the corporate governance variables shows that R^2 was 0.154. This implies that the explanatory/independent variables - BSIZE, NEDs, FBM, ACI as well as the control variable FSIZE used of model one with respect to the consumer goods sector explained changes in return on equity in the consumer goods firms to the extent of 15 percent, while the remaining 85 percent are accounted for by the error terms which are accommodated in the model one specified. Further revelation from the regression result above indicates that BSIZE, NEDs and FSIZE are negatively related to return on equity in the consumer goods sector in Nigeria, while FBM and ACI are positively related. The p-value approach was used to test the statistical significant of these relationships, and as such, Board Size (BSIZE), Non-executive directors (NEDs), Female board member (FBM and Firm size (FSIZE) were not statistically significant at $P > 0.05$ (i.e. .514, .341, .799 and.095 > 0.05), while Audit committee independence was statistically significant at $P < 0.05$ (i.e. .003 < 0.05).

The implication of this was that, though there is a negative relationship between BSIZE, NEDs and FSIZE and ROE, and FBM having positive relationship with ROE, all of these relationships are not statistically significant to be relied upon. Hence, the consumer goods firms board size; the number of the non-executive directors in board, female directors on board and the size of the firm (total assets) cannot be employed to explain changes in return on equity in the consumer goods sector in Nigeria. Therefore, hypotheses 16, 17, 18 and 20 were all accepted respectively as stated in chapter one of this study. However, audit committee independence (ACI) has a positive and significant relationship with return on equity at $P<0.05$ (i.e. .003 < 0.05). The implication of this is

that ACI has a strong positive influence on return on equity in the consumer goods sector in Nigeria.

Table 4.4.2: Multiple Regression Analysis Result for for the Banking Sector and Consumer Goods Sector Based on the Financial Performance Variable ROA

Coefficients[a]

	BANKING SECTOR					**CONSUMER GOODS SECTOR**				
Model	**Unstandardized Coefficients**		**Standardized Coefficients**	**t-statistic**	**Sig.**	**Unstandardized Coefficients**		**Standardized Coefficients**	**t-statistic**	**Sig.**
	B	**Std. Error**	**Beta**			**B**	**Std. Error**	**Beta**		
Constant)	.131	050		2.612	.011	-.185	.154		-1.196	.236
BSize	-.010	.002	-.835	-4 .789	.000	- .010	.006	-.374	-1.769	.082
NEDs	.009	.004	.380	2.477	.016	-.004	.007	-.114	-.531	.598
FBM	.005	.012	.212	1.785	.079	.007	.009	.098	.762	.449
ACI	.019	.012	.187	1.592	.117	.037	.015	.342	2,432	.018
FSIZE	-.005	.002	-.401.	-3.014	.004	.016	.008	.266	1.988	.051

Model Summary[b]

	R	**R Square**	**Adjusted R Square**	**Std. Error of the Estimate**	**Change Statistics**			**Durbin-Watson**
					R Square Change	**F Change**	**Sig. F Change**	
Banking Sector	.551[a]	.304	.246	.02607	.304	5.146	.001	2.040
Consumer Goods Sector	.408[a]	.166	.096	.06361	.166	2.353	.051	1.308

a. Dependent Variable: Dependent Variable (ROA)

Source: Computation by researchers using SPSS 16.

Banks ROA = .131 - .010**BSIZE** + .009**NEDs** + .005**FBM** + .019**ACI** - .005**FSIZE**

Consumer Good ROA = -.165 - .010**BSIZE** - .004**NEDs** + .007**FBM** + .037**ACI** + .016**FSIZE**

P (α) = 0.05

The results of the multiple regression analysis presented above in table 4.4.2 were based on the financial performance variable return on asset and the independent variables for the study with respect to the banking sector and consumer goods sector. From the results of the regression analysis in model two with regard to the banking sector shows that R^2 is 0.304, indicating that 30 percent of the changes ROA in banks are explained by the explanatory variables used in model two, while the remaining 70 percent is accounted for by the error terms which are accommodated in the model specified. The regression result with respect to the banking sector shows that BSIZE and Bank size (total assets) have a negative relationship with banks return on assets (ROA), while NEDs, FBM and ACI have a positive relationship with bank's return on assets (ROA) in Nigeria. The significant of these relationships between the corporate governance mechanisms and financial performance used in model two of the banking sector were determined using the p-value statistics. The significant test indicated that the relationship between BSIZE, NEDs, FSIZE/Bank size and returns on assets (ROA) in the banking sector are statistically significant at $P<0.05$. This means that there is significant relationship between banks board size, non-executive directors, bank size (total assets) and return on assets (ROA), while the positive relationships between female directors, audit committee independence and return on assets (ROA) are not statistically significant at $P>0.05$. The implication of this is that the changes in return on assets (ROA) are not influenced by female board member (FBM) and audit committee independence (ACI) in the banking sector.

On the other hand, the results of the regression analysis in model two with respect to the consumer goods sector presented in table 4.4.2 above indicates that R^2 is 0.166, meaning that 17 percent of the change on returns on assets (ROA) in the consumer goods sector is explained by the explanatory variables used in model two, while the remaining 83 percent are accounted for by other variables which are not part of the but are accommodated by the error terms in the model

specified. The result shows that BSIZE and NEDs have negative relationship with the return on assets (ROA), while FBM, ACI and FSIZE have positive relationship with return on assets (ROA) in consumer goods sector in Nigeria. The significant of these relationships between these explanatory variables of the consumer goods sector and return on assets (ROA) was determined using the p-value statistics approach. The significant test indicated that the relationship between the explanatory variables - BSIZE, NEDs, FBM, FSIZE/B and the financial performance variable - returns on assets (ROA) in the consumer goods sector are not statistically significant at $P>0.05$. This implies that there no is significant relationship between board size, non-executive directors, female directors, firm size and return on assets in the consumer goods sector in Nigeria. However, the regression analysis revealed that there is a positive and significant relationship between audit committee independence (ACI) and return on assets (ROA) in the consumer goods sector. The implication of this is that the changes in return on assets are significantly influenced by the presence of independence audit committee in the consumer goods sector in Nigeria.

Table 4.4.3: Multiple Regression Analysis Result for for the Banking Sector and Consumer Goods Sector Based on the Financial Performance Variable EPS

Coefficients[a]

Model	BANKING SECTOR					CONSUMER GOODS SECTOR				
	Unstandardized Coefficients		Standardized Coefficients	t-statistic	Sig.	Unstandardized Coefficients		Standardized Coefficients	t-statistic	Sig.
	B	Std. Error	Beta			B	Std. Error	Beta		
Constant)	-125.321	82.332		-1.522	.133	-43.115	23.062		-1.870	.067
BSize	.800	3.428	.041	233	.816	-.920	.839	.226	1.097	.277
NEDs	19.791	5.809	.520	3.407	.001	-2.640	1.012	-.547	-2.609	.011
FBM	-.403	5.185	-.011	.096	.924	-2.845	1.289	-.277	-2.207	.031
ACI	-3.987	19.819	-.024	-.201	.841	3.548	2.247	.216	1.579	.120
FSIZE	-1.600	2.610	-.081	-.613	.542	3.013	1.236	.318	2.438	.018

Model Summary[b]

	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics			Durbin-Watson
					R Square Change	F Change	Sig. F Change	
Banking Sector	.556[a]	.310	.251	42.73250	.310	5.291	.000	2.234
Consumer Goods Sector	.458[a]	.210	.143	9.50754	.210	3.135	.014	2.103

a. Dependent Variable: Dependent Variable (EPS)

Source: Computation by researchers using SPSS 16.

Banks **EPS** = -125.321 +.800**B.Size** +19.791**NEDs** -.403**FBM** - 3.987**ACI** – 1.600**FSIZE**

Consumer Good **EPS**= -43.115 -.920**BSIZE** -2.640**NEDs** -3.845**FBM**+3.548**ACI**+3.013**FSIZE**

P $(\alpha) = 0.05$

The results of the multiple regression analysis presented above in table 4.4.3 were based on the financial performance variable earnings per share and the independent variables for the study with respect to the banking sector and consumer goods sector. From the table, the regression result with respect to the banking sector indicated that R^2 is 310. This shows that the explanatory variables (BSIZE, NEDs, FBM and ACI) as well as the control variable of bank size explain changes in banks earnings per share to the extent of 31 percent, while the remaining 69 percent is accounted for by the error terms which are accommodated in the model specified. The regression result indicates that BSIZE and NEDs are positively related to earnings per share (EPS), while FBM, ACI and FSIZE/bank size are negatively related to EPS. In knowing try to no how significant these relationship between the explanatory variables and the dependent variable - earnings per share (EPS), the p-value approach for test of significant was used. Hence, non-executive directors (NEDs) was statistically significant at $P<0.05$ (i.e $.001<0.05$). This means increase in number of NEDs of the board of the commercial bank in Nigeria would have positive influences on the banks earnings per share (EPS). The relationships of BSIZE, FBM, ACI and FSIZE/Bank size were not statistically significant at $P>0.05$ respectively (i.e. .816, .924, .841 and .542 > 0.05). These mean that BSIZE, FBM, ACI and FSIZE cannot be used to explain changes with respect to earnings per share in Nigeria commercial banks. The implication of this is that the changes in earnings per share in Nigeria commercial banks especially the selected banks for the study are influences positively by the present of non-executive directors on the board of the banks, while same cannot be said concerning BSIZE, FBM, ACI and FSIZE because their relationship are not significant and as such cannot be used to explain the changes of the banks' earnings per share.

On the other hand, the regression result of model three with respect to the consumer goods sector from table 4.4.3 above on the relationship between EPS and the corporate governance variables shows that R^2 is 0.210. This shows that the explanatory variables (BSIZE, NEDs, FBM and ACI) as well as the control variable- FSIZE explain changes in earnings per share (EPS) to a tune of 21 percent, while the remaining 79 percent is accounted for by the error terms which are accommodated in the model specified. This means that the explanatory variables of in model three of the consumer goods sector explain a variation of 21% in the dependent variable – earnings per share. The regression result concerning the consumer goods variables in the regression result equally revealed that board size, non-executive directors' female board member have negative relationships with earnings per share (EPS), while audit committee independence and firm size have positive relationships with earnings per share (EPS). The negative relationship between NEDs, FBM and EPS, as well as the positive relationship between FSIZE and EPS were all significant at $P < 0.05$, while the negative relationship between BSIZE, ACI and EPS were not significant to be relied upon at $P>0.05$.

4.5 Discussion of Results

The discussions in this section were made based on the regression analysis results. Hence, decisions concerning the formulated hypotheses for the study were made upon using the significant t-statistics represented by P-values. The existence of a significant relationship can be inferred from a significant t-statistic (Agbonifoh & Yomere, 1999). The study utilizes the selected deposit money banks and the consumer goods firm listed in Nigeria Stock Exchange for the simultaneous analysis. Consequently, the discussion of results was based on the stated objectives with respect to the two sectors used for the study.

Objective One: To examines the relationship between Board Size and firms' financial performance of the banking sector; and the consumer goods sector.

Board size was one of the corporate governance mechanisms proxy used to test the relationship with firms' financial performance measures of ROE, ROA and EPS in both the banking; and consumer goods sectors in Nigeria. The result of the regression analysis revealed that board size has positive and insignificant relationship with firms' financial performance in the banking sector, while negative and insignificant relationship with firms' financial performance in the consumer goods sector in Nigeria with P-value > 0.05. Though, there have been mixed empirical findings in the extant literature, the result of the study is in line with other previous empirical findings such as Romano et al. (2012) and Shelash (2011) whose studies revealed no significant relationship between board size measure and banks performance. Chaghadari, (2011) Topak, (2011), Duc and Thuy (2013) found negative insignificant relationship between board size and firm performance. Khaled (2014) and Khumalo (2011) equally found no significant negative relationship between board size and ROA, ROE, EPS as well as Tobin's Q. A plausible explanation for this result could be unstable business and political environments coupled with the recent crisis of recession the country experienced.

Objective Two: To ascertain the relationship between Non-Executive Directors and firms' financial performance of the banking sector; and consumer goods sector.

Non-executive directors as a proportion of outside directors on the board of firm were used to test firms' financial performance measures of ROE, ROA and EPS in both the banking sector; and the consumer goods sector in Nigeria. The regression result revealed that non-executive directors (NEDs) have positive and significant relationship with banks' financial performance in Nigeria

with p-value less than 5% level of significant (i.e. $P < 0.05$). On the contrary, non-executive directors (NEDs) in the consumer goods sector exhibited a negative and insignificant relationship with firms' financial performance in Nigeria at $P > 0.05$.

The result of this study with respect to the positive and significant relationship between NEDs and firms' financial performance in the banking sector in Nigeria corroborated with previous studies such as Khan and Awan (2012); Heenetigala and Armstrong (2011); Rashid, De-Zoysa, Lodh, and Rudkin, (2010) who found a positive relationship between non-executive directors and firm performance. Also with the study of Shungu, Ngirande, and Ndlovu (2014) who found a positive relationship between non-executive directors and banks' performance While that of the consumer goods sector results which exhibited negative and insignificant relationship between NEDs and firms' financial performance was equally supported by the study of Azeez (2015) who found no relationship between non-executive directors on the board and firms' financial Performance with respect to ROE, ROA and EPS, Also scholar such as Akpan and Amran (2014); Al-Matari, Al-Swidi, Fadzil, & Al-Matari, (2012a) who found a negative but insignificant relationship between non-executive directors (NEDs) and companies' financial performance.

Objective Three: To determine the relationship between Female Board Member and firms' financial performance of the banking sector; and consumer goods sector.

Female board membership was also one of the proxies for corporate governance mechanism used to test the relationship between corporate governance mechanisms and firms' financial performance measured by ROE, ROA and EPS in both the banking and consumer goods sectors in Nigeria. The result of the regression analysis revealed that female board membership (FBM) in

Deposit Money banks in Nigeria indicated a negative and insignificant relationship with banks' financial performance with respect to ROE, ROA and EPS at p-value greater than significance level of 5% (i.e. P-value > 0.05). However, the regression result concerning FBM in the board of consumer goods firms exhibited positive but equally insignificant relationship with firms' financial performance at P-value > 0.05.

This result suggests that the present of women in the board companies' whether in the banking sector or consumer goods sector does not influences their financial performance with respect to ROE, ROA and EPS in Nigeria. The result of this study were in line with Sunny, Dadang, and Subuh (2018), Demaki (2017), Carter, D'Souza, Simkins and Simpson (2010); Gregory-Smith, Brian, Charles, (2012) also found no significant effect between FBM and firms' financial performance. Sunny, Dadang, and Subuh (2018), also found negative and insignificant relationship between female board membership and corporate performance.

Objective Four: To ascertain the relationship between Audit Committee independence and firms' financial performance of the banking sector; and consumer goods sector.

Audit committee independence (ACI) was used as one of the proxy for corporate governance mechanism in this study. It was measured as the proportion of independent directors of the audit committee in a particular year. The proposition was that audit committee independence is not significantly related to firms' financial performance in the banking sector and consumer goods sector in Nigeria respectively. Having considered the result of the regression analysis, the study revealed that ACI has a positive and insignificant relationship with Banks' financial performance at P > 0.05. On the contrary, ACI in the consumer goods sector indicated a positive and significant

relationship with firms' financial performance measure of ROE ROA and EPS at p-value less than the level of significance at 5% (i.e. P-value < 0.05).

The implication of this result is that audit committee independence in the Nigeria Deposit Money Banks has no influence on banks' financial performance with respect to ROE, ROA and EPS, as against the positive and significant relationship exhibited by the consumer goods firms in Nigeria. hence, the result of this study are consistent with the findings Kajola (2008), Al-Matari et al. (2012b) and Ghabayen (2012), who found that ACI does not have a significant influence on firm performance. While on the contrary, Triki and Bouaziz (2012); Hamdan, Sarea and Reyad (2013) and Khaled (2014) found a positive and significant relationship between audit committee independence and firms' financial performance.

Objective Five: To examines the relationship between Firm Size and firms' financial performance of the banking sector; and consumer gods sector.

Firm size (FSIZE) was used as moderating variable to see it effect on firms' financial performance of both the banking, and consumer goods sector in the study. The regression result of the study revealed that size of the bank or FSIZE has a negative and insignificant relationship with banks financial performance at P-value > 0.05. However, the regression result of the consumer goods sector revealed that FSIZE (total asset of firms) has a positive and insignificant relationship with firms' financial performance at p-value greater than the significant level of 5% (i.e. P-value > 0.05).

The results from both sectors suggest that the size of a bank/firm (i.e. total assets) does not have any influence on firms' financial performance measured by ROE, ROA and EPS. The findings of

this study are in line with the report Banchuenvijit (2012) who found a negative and insignificant relationship between FSIZE (total assets) and firms' financial performance. Khatab et al. (2011) who found insignificant relationship between firm size (total assets) and financial performance measures of ROE and ROA.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1 Summary of Findings

The finding from the specific objectives of this study is as follows:

1. That there is positive and insignificant relationship between Board Size and firms' financial performance in the banking sector; while negative and insignificant relationship between Board Size and firms' financial performance in the consumer goods sector .

2. That there is positive and significant relationship between non-executive directors and firms' financial performance in the banking sector; while negative and insignificant relationship between non-executive directors and firms' financial performance in the consumer goods sector.

3. That there is negative and insignificant relationship between female board member and firms' financial performance in the banking sector; while positive and insignificant relationship between female board member and firms' financial performance in the consumer goods sector.

4. That there is positive and insignificant relationship between Audit Committee Independence and firms' financial performance in the banking sector; while there positive and significant relationship between Audit Committee Independence and firms' financial performance in the consumer goods sector.

5. That Firm size has negative and insignificant relationship with firms' financial performance in the banking sector; while positive and insignificant relationship with firms' financial performance in the consumer goods sector.

5.2 Conclusion

Owing to the study which simultaneously examined the relationship between corporate governance mechanisms and firms' financial performance on two distinct sectors in Nigeria – the banking sector; and the consumer goods sector, the researchers had cause conclude that corporate governance practices of both banking and consumer goods sectors have no significant influence on their financial performance with respect to return on equity, return on assets, and earnings per share in Nigeria.

5.3 Implications of Findings

This study was based on the advocacy for good corporate governance practices in achieving firms' financial performance. Therefore, the aim of the study was to advance more check in understanding how corporate governance mechanism influences firms' financial performance in Nigeria by carrying out a simultaneous analysis on two distinct independent sectors - the banking sector and consumer goods sector in the Nigerian economy. The researchers adopted some corporate governance mechanisms via board size; non-executive directors, female board membership, audit committee independence as the independent variables and firm size served as a control variable for each of the separate/distinct sectors used for the study. Financial performance measures which served as dependent variables for the study are returns on equity; return on assets and earnings per share. The findings of this research study have important policy implications for developing countries like Nigeria where the data for the study were collected. The implementation of corporate governance principles is vital to sound corporate governance practice in Nigeria.

The implications of the findings of this study shows that changes in the financial performance banks and consumer goods firms has no to do with the size or numbers of director on the board of a firm, the female on the board of a firm, and the size of a firms (i.e. total assets). That is, the increase or decrease in firms' financial performance are not determined by board size, female board membership and the firm's size (i.e. total assets) of banks and consumer goods companies. Moreso, changes in bank's financial performance and consumer goods firm financial performance are not influenced by increase or decrease of banks' audit committee independence and consumer goods firm non-executive directors respectively.

Nevertheless, the implication of the study also shows that changes in banks' financial performance and consumer goods financial performance are determined or influenced by the activities of banks' non-executive directors in banking sector, and audit committee independence in the consumer goods sector respectively since the relationships are significant in nature. That is, an increase in the number of non-executive directors, and audit committee independence would respectively increase the financial performance of banking and consumer goods sectors positively.

5.4 Suggestions for further Studies

Corporate governance is a subject matter that is globally discussed; hence, this discussion or researched works on this subject matter are inexhaustible because of the dynamism of the global business environment, and as such there are needs that may necessitate continual research on the subject corporate. Therefore, it is still very open for further studies by anyone who may be interested in exploring and contributing to the extant literature on corporate governance

mechanisms and firms' financial performance, as it may concern the world, continents, countries, states or localities, irrespective of the industries or sectors the researcher(s) wishes to venture into. Well, coupled with the nature of the study, the researchers encourage more parallel survey research involving bi-sectors or multi sectors approach. Hence, more researches of this nature are encouraged by the researchers.

5.5 Contribution to Knowledge

This study made contributions to existing literature by introducing to the corporate governance literature a conceptual model in guiding the study. The unique parallel conceptual model was employed by the researchers in analyzing the relationship of the variables of the study. The study aids our understanding on the influence of corporate governance mechanisms on firms' financial performance in both the banking and consumer goods sectors, and equally increases the volume studies on the corporate governance practice and firms' financial performance in developing countries such as Nigeria. Finally, the study further invalidates the findings of previous studies on corporate governance and firms' financial performance in Nigeria.

5.6 Recommendations

Based on the above findings and conclusions, the following recommendations were made:

1. That since board size was insignificant to firms' financial performance; companies should operate on smaller board size which comprises of person's with integrity, experience and impeccable characters.
2. That though non-executive directors activities does not significantly influence consumer goods firms' financial performance, non-executive director on the board of companies should

encourage especially in the banking sector where the activities of the non-executive directors positively and significantly influences the financial performance of banks.

3. Though the changes in firms' financial performance in both the banking and consumer goods cannot be said to be influenced by Female board membership since the relationship was insignificant, companies are advice to encourage the have a gender diversity board room as means of ensuring balanced ideals emanating from both genders.
4. That though audit committee independence do not significantly influence banks' financial performance, the independence of the audit committee should encourage especially in the consumer goods sector where this study shows that audit committee independence positively and significantly influences the financial performance.
5. That firm size (i.e. total assets) of a firm is not a yardstick for financial performance as indicated by the study; hence, directors/managers in the banking and consumer goods sectors are advice to employed effective and adequate strategy, coupled with international best practices on corporate governance principles that would enhance their performance.

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APPENDIX A

PARALLEL DATA FOR THE CORPORATE GOVERNANCE MECHANISMS AND FIRMS' FINANCIAL PERFORMANCE MEASURES VARIABLES FOR THE BANKING AND CONSUMER GOODS SECTORS

	BANKING SECTOR								CONSUMER GOODS SECTOR							
	Independent Variables)					(Dependent Variables)			Independent Variables					Dependent Variables		
N	BSIZE	NEDs	FBM	ACI	FSIZE	ROE	ROA	EPS	BSIZE	NEDs	FBM	ACI	FSIZE	ROE	ROA	EPS
1	15	08	5.0	3.0	21.60	0.16	0.04	2.50	10	09	1.0	3.0	18.03	0.14	0.05	5.23
2	16	10	3.0	3.0	21.23	0.01	0.01	0.09	07	05	2.0	3.0	17.16	0.03	0.01	0.16
3	12	08	5.0	2.0	21.32	0.03	0.01	0.29	09	08	2.0	3.0	18.99	0.20	0.10	1.18
4	16	11	4.0	3.0	21.99	0.11	0.02	153.	14	12	1.0	3.0	19.66	0.10	0.03	3.75
5	10	09	0.0	3.0	25.60	0.03	0.03	0.19	12	09	2.0	3.0	18.74	0.02	0.02	1.34
6	14	08	3.0	3.0	20.98	0.05	0.01	0.34	15	10	2.0	3.0	18.15	0.17	0.04	38.13
7	16	09	4.0	3.0	21.68	0.29	0.05	4.31	09	07	1.0	3.0	17.33	0.20	0.08	0.81
8	10	09	4.0	3.0	25.25	0.01	0.01	0.06	06	05	1.0	2.0	19.98	0.21	0.13	0.17
9	15	09	4.0	3.0	27.45	0.06	0.01	0.18	15	09	2.0	3.0	19.72	0.17	0.08	3.58
10	19	10	4.0	3.0	21.66	0.13	0.02	1.31	10	08	4.0	3.0	17.02	0.32	0.12	0.91
11	15	10	5.0	3.0	26.92	0.03	0.01	18.7	08	05	1.0	3.0	18.95	0.23	0.06	10.0
12	12	07	4.0	3.0	26.77	0.06	0.01	6.70	11	06	3.0	1.0	18.11	0.07	0.03	0.56
13	13	08	1.0	3.0	22.17	0.21	0.01	3.80	08	05	2.0	1.0	16.38	0.04	0.02	0.37
14	16	09	5.0	3.0	20.60	0.19	0.03	2.65	10	09	1.0	3.0	18.03	0.35	0.12	11.2
15	16	11	3.0	3.0	21.17	0.01	0.01	0.17	07	05	2.0	3.0	17.16	0.09	0.04	0.61
16	10	06	3.0	2.0	21.31	0.05	0.01	0.56	09	08	2.0	3.0	18.99	0.10	0.12	0.96
17	19	12	3.0	3.0	21.93	0.08	0.01	0.11	14	12	0.0	3.0	19.66	0.03	0.01	0.92
18	10	09	0.0	3.0	25.57	0.02	0.02	0.13	12	09	2.0	3.0	18.74	0.17	0.06	5.18
19	15	08	3.0	3.0	20.93	0.08	0.01	0.48	09	07	0.0	3.0	18.15	0.06	0.02	14.13
20	15	08	4.0	3.0	21.55	0.25	0.04	3.20	09	07	1.0	3.0	17.33	0.20	0.08	0.59
21	10	09	4.0	3.0	25.01	0.14	0.13	0.99	06	05	1.0	1.0	19.98	0.25	0.29	16.59
22	15	09	4.0	3.0	27.41	0.2	0.01	0.36	15	09	2.0	3.0	17.72	0.22	0.11	4.82
23	16	10	4.0	3.0	21.52	0.13	0.02	1.36	10	08	4.0	3.0	17.02	0.39	0.15	0.79
24	15	10	5.0	3.0	26.82	0.06	0.01	12.3	08	05	2.0	3.0	18.95	0.64	0.21	29.95
25	13	08	4.0	3.0	26.71	0.05	0.01	5.90	10	05	3.0	2.0	18.11	0.08	0.04	0.1
26	12	08	2.0	3.0	22.05	0.19	0.03	3.15	08	05	2.0	2.0	16.38	0.10	0.03	0.16
27	16	09	5.0	3.0	21.41	0.15	0.02	1.89	10	08	0.0	3.0	17.84	0.37	0.12	10.04
28	15	09	3.0	3.0	21.28	0.06	0.01	1.44	07	05	2.0	3.0	17.18	0.05	0.12	0.75
29	15	08	3.0	2.0	21.30	0.17	0.02	1.48	10	08	2.0	3.0	18.39	0.21	0.13	0.97

30	19	12	3.0	3.0	21.97	0.21	0.02	243	14	12	0.0	3.0	19.21	0.17	0.05	4.38
31	10	09	0.0	3.0	25.60	0.04	0.04	0.27	12	10	2.0	3.0	18.7	0.21	0.08	6.36
32	15	07	3.0	3.0	20.90	0.08	0.01	0.48	10	06	0.0	3.0	17.97	0.17	0.06	42.26
33	14	08	4.0	3.0	21.48	0.26	0.04	3.03	09	07	1.0	3.0	17.01	0.17	0.07	0.64
34	09	08	3.0	3.0	25.05	0.18	0.17	1.31	06	05	2.0	1.0	19.75	0.20	0.12	15.01
35	13	09	4.0	3.0	27.44	0.12	0.01	0.42	15	09	2.0	3.0	19.67	0.30	0.14	5.62
36	17	10	4.0	3.0	21.57	0.15	0.02	1.22	09	07	1.0	3.0	16.35	0.28	0.16	0.7
37	14	08	3.0	3.0	26.75	0.21	0.03	17.4	08	05	2.0	3.0	18.48	0.58	0.21	28.05
38	12	08	2.0	3.0	26.67	0.06	0.01	0.06	11	05	3.0	3.0	17.76	0.14	0.07	0.55
39	12	08	2.0	3.0	21.95	0.19	0.03	2.95	08	05	2.0	2.0	16.31	0.13	0.05	0.31
40	17	10	5.0	3.0	21.26	0.11	0.02	1.58	09	07	0.0	3.0	17.76	0.25	0.06	4.47
41	16	09	3.0	3.0	21.03	0.12	0.03	2.06	07	05	2.0	3.0	17.58	0.18	0.16	1.92
42	15	09	3.0	2.0	21.10	0.08	0.01	0.63	09	07	2.0	3.0	18.32	0.22	0.16	0.9
43	19	12	3.0	3.0	21.91	0.16	0.01	182.	14	12	0.0	3.0	19.23	0.18	0.04	3.93
44	15	10	0.0	3.0	25.60	0.46	0.01	0.30	12	10	3.0	3.0	18.61	0.27	0.11	7.93
45	16	10	3.0	3.0	20.80	0.05	0.01	0.27	09	06	0.0	3.0	17.83	0.16	0.11	25.86
46	14	08	4.0	3.0	21.37	0.28	0.05	2.91	09	07	1.0	3.0	16.95	0.20	0.09	0.71
47	11	10	3.0	3.0	25.05	0.12	0.11	0.83	06	05	1.0	1.0	19.59	0.13	0.08	8.67
48	13	09	3.0	3.0	27.29	0.15	0.01	0.52	13	07	1.0	3.0	19.35	0.42	0.17	5.7
49	19	10	5.0	3.0	21.52	0.19	0.02	1.41	09	07	1.0	3.0	16.25	0.40	0.24	1.02
50	15	09	3.0	3.0	26.72	-.57	-.06	-58.7	08	05	2.0	3.0	18.5	0.60	0.23	28.08
51	12	08	2.0	3.0	26.53	0.08	0.01	0.08	12	06	3.0	3.0	17.73	0.07	0.05	1.01
52	12	07	2.0	3.0	21.78	0.18	0.03	2.66	08	05	2.0	2.0	16.22	0.19	0.07	0.48
53	15	08	2.0	2.0	21.14	0.17	0.03	1.72	10	08	0.0	3.0	17.7	0.17	0.04	2.62
54	15	09	2.0	3.0	20.78	0.12	0.03	1.59	07	05	2.0	3.0	17.51	0.22	0.09	1.41
55	15	09	2.0	2.0	21.01	0.07	0.01	0.42	09	08	1.0	3.0	18.2	0.25	0.14	0.9
56	19	12	4.0	3.0	21.74	0.19	0.03	218.0	14	12	0.0	3.0	18.97	0.25	0.06	3.81
57	15	10	0.0	3.0	27.52	0.10	0.02	0.66	12	10	3.0	3.0	18.48	0.36	0.14	9.95
58	16	10	3.0	3.0	20.63	0.12	0.03	0.62	09	06	0.0	3.0	17.71	0.16	0.07	33.97
59	14	08	3.0	3.0	21.21	0.33	0.05	2.9	09	07	1.0	3.0	16.48	0.25	0.10	0.67
60	14	08	3.0	3.0	25.01	0.02	0.01	0.11	06	05	1.0	1.0	19.38	0.06	0.04	3.4
61	11	07	1.0	3.0	27.09	0.16	0.01	0.44	13	07	1.0	3.0	19.35	0.44	0.16	5.03
62	16	10	4.0	3.0	21.38	0.24	0.03	1.44	09	07	1.0	3.0	16.18	0.42	0.27	1.04
63	16	10	0.0	3.0	26.65	0.13	0.02	17.68	08	05	1.0	3.0	18.3	0.73	0.25	26.67
64	12	08	1.0	3.0	26.23	-.34	-.01	-0.42	12	06	3.0	3.0	17.71	0.02	0.01	0.56
65	14	07	2.0	3.0	21.61	0.24	0.04	3.05	08	05	2.0	2.0	16.06	0.13	0.04	0.69

N = Number of Observation

Source: Selected Banks Annual/Financial Reports

Appendix B

NAME OF LISTED SAMPLED COMPANIES USED FOR THE PARALLEL SURVEY		
S/N	**BANKS**	**CONSUMER GOODS FIRMS**
1	Access Bank Plc	Seven Up Bottling Company Plc
2	Diamond Bank Plc	Cadbury Nigeria Plc
3	Ecobank Nigeria Plc	Dangote Sugar Refinery Plc
4	First Bank Nigeria Plc	Flourmill Nigeria Plc
5	First City Monument Bank Limited	Guinness Nigeria Plc
6	Fidelity bank Nigeria Plc	Honey well Flour Mills Nigeria Plc
7	Guaranty Trust Bank Plc	International Breweries Nigerian Plc
8	Stanbic IBTC	McNichols Nigeria Plc
9	Sterling Bank Plc	Nigerian Breweries Plc
10	United Bank for African	NASCON Allied Industries Plc
11	Unity Bank Plc	Nestle Nigeria Plc
12	WEMA Bank plc	PZ Cussons Nigeria Plc
13	Zenith Bank Plc	Vitafoam Nigeria Plc
Source: Nigeria Stock Exchange Website (www.nsc.com)		