

**CORPORATE GOVERNANCE AND EFFECTIVE TAX PLANNING IN NIGERIA**

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**A project submitted to the Department of Accounting, Faculty of Management  
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for the award of BACHELOR DEGREE in Accounting (BSc)**

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## DECLARATION

I, OBIEKWU AMARACHI HILDA (MGS1606243) do hereby declare that this project was based on a study undertaken by me in the Department of Accounting, Faculty of Management Sciences, University of Benin, Benin city under the supervision of Dr. C.C Amake(MRS). All ideas were a product of my personal research and where the views of other contributors have been expressed, it was duly acknowledged.

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## CERTIFICATION

This is to certify that this research project was carried out by **OBIEKWU AMARACHI HILDA** (MGS1606243) of Accounting at the University of Benin, Benin City, Edo State, Nigeria.

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Date

## **DEDICATION**

This project work is dedicated first and foremost to ALMIGHTY GOD, my source of Life and inspiration. Special dedication to MR TONY OBIEKWU, MRS CHARITY OBIEKWU and my ever supportive friends for their contribution throughout my stay in the university.

## **ACKNOWLEDGEMENT**

All praise is due to God, The most Merciful, and The most Gracious

With a deep sense of humility and appreciation, I wish to express my utmost gratitude to my supportive, friendly, available and motivating project supervisor and lecturer Dr. Mrs Amake for her immense support, motivation, bank of knowledge and patience which she was willing to impart during the course of this research work.

My warm appreciation goes to my family for their unwavering support. I will forever be grateful.

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I will not leave out my wonderful friends, OGBENEGE SHARON-ROSE, OYIBODE HARRIET, OKUNTADE AYOMBOWALE to name a few, for their contribution one way or the other during my stay in the University.

*OBIEKWU AMARACHI HILDA*

## **ABSTRACT**

This research study aims to investigate the relationship between corporate governance and effective tax planning in FMCG in Nigeria. The research study adopted, collates data through secondary source which is the use of 5-year financial reports summary of selected Fast Moving Consumer Goods firms listed in Nigeria Stock Exchange Market. The study also discussed literatures reviewed by researchers on the concept of effective tax planning, strategies of effective tax planning, concept of corporate governance, concept of corporate governance practices and structure of corporate governance. The study propounded theories that support the study on agency theory, Tables, frequencies and percentages are used to analyse and present data. The study found out that there is no significant relationship between director's holding and tax planning, board independence have a positive relationship with tax planning, audit committee financial expertise of the firm do not affect tax planning and firm performance have a positive and an insignificant relationship with tax planning. The study recommends that corporate tax behavior should be regulated by the government through the tax rules and corporate governance rules. Relevant tax authorities in Nigeria should always investigate the intention of tax payers before considering whether tax liability will be reduced below normal. As a result of this intention or anticipation of reducing tax burden, the use of independent board members will have an influence on how the corporation performs.

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# CHAPTER 1

## INTRODUCTION

### 1.1 Background of Study

Effective tax planning involves preparation and operation of business activities within the legal context such that businesses develops an optimal tax situations and positions while achieving the organisation sets goal and objectives (Kiabel & Nwikpasi, 2001). Taxation is an obligatory payment charged by government on the profits of individuals and businesses. For tax burden of a business concern to be minimized, tax planning becomes imperative for management.

Effective tax planning includes tax liability minimization strategies, business cash flow effect on the business. This reveals the best time for a business to settle its tax obligation and burden without incurring any punishment or penalty (Lanis & Richardson, 2011). Erle (2008) defined effective tax planning as the deed or means the state allocates value to the firm. It is important to note that, Effective tax planning increases corporate profitability and on the other hand, the payment of appropriate taxes is considered to be an important factor of social responsibility.

Shareholders' interest in corporate social responsibility has extremely increased in recent times. Paying a fair amount of taxes brings about ethical behaviour that companies are generally required to present to the public. Effective tax planning is a basic, important, essential and integral part of financial planning and the decisions offers a tax manager and the company the opportunity to mitigate the company's tax liability and improve firm's financial output and performance (Desia & Dharmapala, 2008). Effective tax planning strategies can provide benefits in terms of wealth creation for the company.

Corporate governance has, in recent years, become a current issue both in business and academic circles. Corporate governance is the managerial control of an organization aimed at refining and cultivating the performance of the organization (Sanusi, 2012). Business concerns, apprehensions and worries rises out of the professed position and reputation that a conventional style should be developed and sustenance of proper and principled business matters or dealings conduct to create or fashion a legal and social environment to endorse or sponsor good governance among firms. Obligation and requirement is bestowed upon management to function in total trust and carry out responsibilities in a way shareholders or owners would have done so as to enhance market value of firms.

Corporate governance according to Okpara (2010) is a system that consists of a wide range of practices like accounting standards, executive compensation, rules concerning

financial disclosure, size, composition of corporate boards, institutions, {legal, economic and social} that protect the interest of corporation owners.

According to Sanusi (2012), corporate governance is an imperative phrase towards establishing sound assurance in addition to inspiring steady, long-lasting global investment streams into an economy. Managerial control is consensually intended to protect or guard shareholders from any act confiscated, dispossessed, captured by the board and management team to enhance confidence and self-assurance in the enterprise. It involves creativity and innovation of new things and new ideas.

According to Weil (2002), corporate managers adopt mechanisms are held liable and responsible for corporate behavior and manner and performance are known as corporate governance. This means that corporate governance are specific behavioural regulations, rules or guidelines used in governing, monitoring, supervising and observing the activity of management to behave on shareholders' interest. Hence, all substantial and critical matters regarding the operations of the firm including financial performance and position should be disclosed timely and accurately by management. To this end, there is need for actual observing or checking management by shareholders in order to promote accountability, fairness, transparency and trust.

Fast-moving consumer goods (FMCG) is among the biggest and largest industries in Nigeria. Companies under this sector involves in production of nutrition, drinks, beverages and cleaning utensils FMCG spending contributes significantly to the Gross

Domestic Product extremely and immensely over the years. The working class age have spent \$100 billion due to per capita income of the nation (The economists, 2011). Companies in the FMGC sectors includes Nigerian Breweries Limited, Unilever Nigeria PLC, Dangote Group, Nestle Nigeria PLC, Pz Cussons, Friesland Campina Wamco Nigeria PLC, Dufil Prima Foods and Chi Limited.

## **1.2 Statement of Problem**

Corporate governance issue in recent times has received great attention such as the bitter experience of massive governance in countries that rushed into extensive and large-scale privatization without the adoption of corporate governance. The recent global events concerning high profile corporate failures and fraud scandals in the nationwide and internationally intensified the debate on the efficacy of sound corporate governance mechanisms as a means of increasing firms' financial performance and their sustainability. This led CBN removed the corporate financial leaders because of their poor governance and corporate financial misconduct and prompted organisations to adopt good corporate governance practices through implementation of rules and regulations (Oyerinde, 2014).

The issues of gross negligence on the part of auditors and audit committee members in discharging their duties properly has affected effective tax planning. Thus, the high incidence of poor corporate performance recorded in Nigeria shows audit committee members who are required to check the activities of the board have failed to effectively discharge their checkmating functions. As (Zouaoui, Al Qudah, El Aoun, Ben Arab, & Eleuch, 2018) were of idea that cases of misappropriation and inability of auditors to mitigate financial situations that rapidly rises to corruption rate, had hindered efforts to achieve quality financial reporting and effective tax planning.

Over the last decade, effective tax planning has become the subject of an active field of empirical research in accounting. One of the interesting attributes of the effective tax planning literature is the types of existing measures of effective tax rate and the obvious lack of consistency among these measures that includes financial and investment decision making, net present values of investment opportunity, rate of returns etc.

A review of extant literature on corporate governance by (Igbekoyi & Agbaje, 2018) revealed that audit committee meetings, audit committee qualification, Board Size and Ownership Structure had a significant positive relationship with information disclosure while corporate board meetings had a negative relationship but was insignificant. Audit committee plays a major role in ensuring tax planning is effective. However, the role of financial expert department of the audit committee and audit committee independence cannot be left out. The audit committee make available an oversight of the process of financial report, procedures of auditing, the internal control system of organisation to be in line with government laws and regulations.

Academic research is heavily concerned with effective tax planning. As Riza (2003), Viavo (2007) and Friese and Mayer (2008) clearly stated that tax planning increasingly influence firm's value through corporate governance. Also, tax planning has its associated or related costs. However; effective tax planning in FMCG have not received much attention as compared to other sectors in developing countries. This study therefore, attempts to evaluate corporate governance and effective tax planning of listed fast moving consumer goods' companies in Nigeria by focusing on the effect or influence which director's shareholding, board independence, audit committee financial and audit committee independence. In the light of the above statement, the following research questions were carved out:

1. What is the relationship between director's shareholding and tax planning among listed FMCG in Nigeria?

2. What is the relationship between board independence and tax planning among listed FMCG in Nigeria?
3. What is the relationship between audit committee financial expertise and tax planning among listed FMCG in Nigeria?
4. What is the relationship between audit committee independence and tax planning among listed FMCG in Nigeria?

### **1.3 Objectives of the Study**

The main objective of this study is to examine the relationship between corporate governance and effective tax planning in FMCG in Nigeria. These study specifically seeks to:

1. determine the relationship between director's shareholding and tax planning among listed FMCG in Nigeria?
2. ascertain the relationship between board independence and tax planning among listed FMCG in Nigeria?
3. examine the relationship between audit committee financial expertise and tax planning among listed FMCG in Nigeria?
4. investigate the relationship between audit committee independence and tax planning among listed FMCG in Nigeria?

## **1.4 Research Hypotheses**

The following questions have been stated in this null form.

- H<sub>01</sub>. There is no significant relationship between director's holding and tax planning among listed FMCG in Nigeria.
- H<sub>02</sub>. There is no significant relationship between board independence and tax planning among listed FMCG in Nigeria.
- H<sub>03</sub>. There is no significant relationship between audit committee financial expertise and tax planning among listed FMCG in Nigeria.
- H<sub>04</sub>. There is no significant relationship between audit committee independence and tax planning among listed FMCG in Nigeria.

## **1.5 Scope of Study**

The study basically seeks to examine the relationship between corporate governance and effective tax planning among FMCG listed on the Nigerian stock exchange (NSE). There are 20 firms listed on the market as at 31<sup>st</sup> December 2019. [NSE, 2019]

## **1.6 Significance of Study**

This study significantly and importantly contributes to the body of research using Nigerian data to investigate the likely impact of sound corporate governance on effective tax planning in Nigeria. The findings would be useful to stakeholders in the Nigerian Stock Exchange (NSE) as it provides evidence on the relationship between corporate governance and effective tax planning.

The study will;

- help the Regulatory Bodies/ policies makers with evidence and facts in order to oversee the Nigerian stock exchange and monitor the tax payment system among firms listed in the Nigerian stock exchange.
- also acquaint the government on the importance of effective tax planning and corporate governance and how it should be properly managed. The role of corporate governance is of great interest to both regulators and the public in corporate governance. This differentiates this research from previously conducted studies in other countries on a global basis upon the focus on Nigeria only.
- help Board of Directors in decision making process, to ensure that all needed and necessary information had undergone an accurate or precise process for supervision. This will increase the reliability and dependability level of this information used in the decision making.
- help Investors to be more assertive in regard to the presented information in financial reports, and so their decisions would be made more easily, in less time, and with more confidence.
- help meet tax officials. Tax officials seek to suggest rules and criteria of accounting measurements to keep the set of rules, social needs, legal requirements and technological developments in view.
- help to restore the lost confidence of the public as regard effective tax planning and corporate governance in Nigeria.
- be of benefit to both academic and other future researchers in this similar subject and they will find it a useful source of learning and research.
- be useful to several researchers interested in advancing the knowledge on corporate governance and effective tax planning. The study would also add to the body of literature as reference material and motivate further research in the area.

- provide evidence as to how and what affects, and determines effective tax planning in Nigeria. Finally, this work will be beneficial to future researchers and academicians who want to broaden their knowledge horizon in this area of study.

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## **CHAPTER 2**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This study focused on corporate governance and effective tax planning of FMCG in Nigeria. This chapter is divided into conceptual framework, theoretical framework and empirical framework. The chapter discusses extensively on concept of effective tax planning.

#### **2.2 Effective Tax Planning**

Tax is a significant expense/liability to firms and their owners, hence, decreases cash flow available as profit. Shareholders are of the idea that tax planning activities should increase both profit after tax and available cash in the business (Khurana & Moser, 2013; Tijjani, 2019). Tax planning makes an organisation's financial statements with the aim of deferring, reducing or even eliminating the taxes payable to government authorities (Pniowsky, 2010). Tax planning is the best way which does not breach legal guidelines in reducing tax liability. This can be achieved by taking advantage of different tax rates in some places and economic activities, in addition to tax incentives provided under tax regulations.

The concept of tax planning has received attention from researchers. Harvey (2011) defined tax planning as strategies within a financial year to reduce the liability of tax in the company. This includes a tax filing system suitable to the taxpayer. Such tax planning can be achieved not to realize capital gains and selling an asset in the next tax year. Harvey (2011) further explained that tax planning allows company to make decisions

based on investment decisions based on determined income or profits and estimated tax laws and acts. Pniowsky (2010) stated that tax planning structures the affairs of a company to reduce the tax amount owed or to be paid to the government. Moreover, tax planning is the best option legally to shrink and ease any tax burden through differed tax rates and tax incentives provided under tax laws (Fallan, Hammervold, & Gronhaug, 2015).

Donald, John, and William (2005) view tax planning as avoidance and evasion methods that influences the financial measures or appointments of the companies. Here, tax planning is a tactics for firms to operate with the purpose of avoiding rising and higher tax which is referred to as tax policy. Furthermore, firms can alter input mix or production technology to achieve less corporate tax which may not measure the consequence of the third effect. Tax planning differentiates state tax policies with the involvement of one or more subsidiaries creations by firms purposefully to shift income from top to bottom or subordinate tax authorities.

Donald et al. (2005) stated that tax planning strategies can be legal or even be blatantly illegal methods of tax evasion such as underreporting taxable income or overstating tax deductions. This study extracts a definition for tax planning as activities taken by the management of the firm to reduce tax expenses/liabilities without violating any provisions of tax laws (i.e Company Income Tax Act). Decisions related to tax planning can be taken by board of directors which is to be implemented by the management.

According to Nor and Abdul (2015), tax effectiveness may lead to accounting effectiveness. That is, within the same reporting timeframe, firms endeavour to manage accounting profit uphill while concurrently managing taxable income downward. The upward accounting profit would attract investors while downward taxable profit would reduce total tax liability. Okoye and Akenbor (2010), posited the cost of doing business is taxation, therefore in other to reduce the cost to the barest minimum, effective tax planning becomes handy. Therefore, the nature of tax planning is confined within laws

and legislation. According to Yeung (2010), tax authorities plays a vital role here. Corporate tax behaviours can be regulated by the government through the tax rules and corporate governance rules.

Effective tax planning can be seen from two Perspectives: Active and Passive (Nor & Abdul, 2015). According to them active effective tax planning occurs when the tax payer carries out transaction(s) with the intention of reducing tax burden while passive effective tax planning occurs when the tax payer embarks on transaction(s) without the intention of reducing the tax burden or liability. Here "intention" is the underlying principle. If transactions are entered into with the intention of reducing or minimizing tax burden, the relevant tax authorities may not allow the liability to be reduced below normal as a result of this intention or anticipation of reducing tax burden.

The term tax effectiveness accordingly to Brett, Roman and Ross (2016) entered accounting research in the 1990s. They posited that at that time, the gap between financial income and tax income in a company's financial statements was getting wider and wider. This is with the view that an allowable expenses in financial accounting may not be allowed under the tax law, for instance depreciation, general provisions and a host of others. In tax research, "tax effectiveness" is defined as a broad continuum of activities that spans from innocent behaviour that were envisaged by tax policies on one hand to outright tax fraud and tax evasion on the other hand (Hanlon & Heitzman, 2010).

According to Brett et al. (2016), there are different terms for tax effectiveness which are normally used interchangeably such as tax sheltering, tax minimization, tax evasion and lot more. One of the most important responsibility for corporate tax managers is to strategise on minimizing company's total tax liability (Ogundayo & Onakoya, 2016). But in the process of trying to reduce the overall tax liability, most managers crosses from the tax avoidance boundary into tax evasion which could always be frowned at by tax authorities.

Assidi, Aliani, and Omri (2016) examined links between the value of a firms and tax optimization in both listed and non-listed firms in Tunisia from 2000-2010. Findings reveal that listed firms were better in tax optimization.

Ogundajo and Onakoya (2016) studied the impact of tax planning on financial performance in ten selected firms in the consumer goods segment of the Nigerian stock market using the generalized least square technique. The study determined that tax planning among Nigeria firms have not been optimized as loopholes in the tax laws system has not been comprehensively exploited.

Ftouhi, Ayed, and Zemzem (2015) studied the effect of tax planning on the value of the firm using 73 firms in the EUROZONE from 2008-2012. Using correlation and the generalized least square techniques the study finds a negative and significant relationship between tax planning and the value of the firm. This is in line with the agency cost theory.

### **2.2.1 Strategies of Effective Tax Planning**

Tax “planning is the process, strategy and structural arrangement taxpayers adopts in their businesses to attract the minimum and optimum tax rates within the jurisdiction of the applicable tax laws. It is the art of decrease tax amount payable legally as well as marginal tax rates optimisation using trust arrangements, corporations, charity, deductible expenses, tax exemptions, profit capitalization, residency rules, and profit shifting arrangements. Tax planning is totally different from tax evasion, as tax evasion under the law is a crime. Nigerian law allows taxpayers to structure their affairs to minimize tax liability but taxpayers should maintain all ethical norms and standards set under applicable tax legislation in Nigeria.

Tax planning is an activity carried out to “maximize the owner's wealth by increasing profitability, because of the asymmetry information and data between shareholders and

management (Desai & Dharmapala, 2009). It involves competent arrangement of financial dealings (in the boundaries of present laws) to lessen tax liability. The revenue authority has recently shown a lot of interest in companies listed on the stock exchange due to the complex business operations environment and the tendency to design a tax avoidance mechanisms that is complex. Concisely, over the years, few international companies sustained high profitability, this a product of efficient corporate tax avoidance system.

Most companies efficiently manage their tax liabilities through corporate tax planning and, as such, translate the gained tax savings to effective financial performance. Thus, tax planning becomes a veritable tool for the management of any company to minimize the costs of business operation, as a result of higher taxes that may come up based on the tax system deficiencies in Nigeria. While tax is the major costs of business operation and is mandated to be paid by companies, which in turn becomes a serious barrier to profit generation (Okoye & Akenbor, 2010). This is not supposed to be so, as taxation is an obligation that is supposed to be paid freely without ill- feeling by companies, if the taxation system is well functioning. In a situation like this, it is important to understand the corporate tax planning strategies of these companies and the relationship between corporate tax planning and the financial performance of these companies.

Taxes are employed as fiscal policy tool in the management and control of an economy (Nwaobia, Kwarbai, & Ogundajo, 2016). Zhu, Mbroh, Monney and Bonsu, (2019) stated that taxes are utilised to stimulate economy growth and encourage investments. Furthermore, Omesi and Appah (2020a) maintained that taxes is the main source of government revenue globally. Omesi and Appah (2020a) is of the opinion that taxes are unavoidable levy placed by government to the society to generate revenue and facilitate economic growth and provide national goods and services (Omesi & Appah, 2020b).

Mais and Patmininingih (2017) stated that taxpayers contributes to economy growth of a country. These taxes are viewed as burden to the taxpayers therefore, in future, minimisation of corporate income tax burden becomes the aim. The minimization of tax burden is only realised via through effective tax planning. Mappadang (2019) is of the idea that tax planning objective is to effectively reduce the taxable income. Therefore, corporate effective tax planning involves activities engaged and hired by companies' management to lessening amount of tax payable by the company (Appah, 2019).

According to Uchendu, Ironkwe and Nwaiwu (2016), tax planning involve those approaches, techniques, policies to reduce the tax liability of a corporate firm and as well the net cash flow effect in terms of the best times for a business to resolve its tax liability without fine. The practice of tax planning minimimises tax rate to be less than the statutory tax rate (Nwaobia, Kwarbai & Ogundajo, 2016). Nwaobia, Kwarbai and Ogundajo (2016) further expressed an opinion that the practice of effective tax planning be responsible for the optimistic and progressive effects on the companies' cash flow and improves the tax rate of returns of the organisations.

Chukwudi, Okonkwo and Asika (2020) noted that tax planning is a practice consistent with the relevant tax laws to minimize the tax liability of companies using the effective tax rate. Dyreng, Hanlon and Maydew (2008) state that tax planning entails taking into consideration the dynamics and tax laws loopholes and gaps to curtail or abate the burden of corporate tax. Chen, Cheok and Raziah (2016) maintained that tax planning has the benefit of minimizing tax liabilities of firms by bring about a higher after tax position.

## **2.2.2 Measures of Effective Tax Planning in Nigeria**

### **Book Effective Tax Rate (BETR)**

To calculate the BETR, the entirety of the book tax expenses is shared among the pretax income. The ETR-based measures has two significant restrictions. First, the presence of current and deferred taxes in the total tax expense, as tax planning associated with temporary book-tax differences is not accounted for in the BETR. A decrease in current tax expense leads to an increase in deferred tax expense. Second, both the BETR and CETR may understate a firm's level of tax planning if the firm records contingencies associated with uncertain tax benefits that arise from taking tax positions (De Waegenare, 2010).

An alternative measure for effective tax planning was presented and introduced by Dyreng (2008). This is the long-run cash effective tax rate (LRCashETR). Dyreng (2008) argued that the long-run cash effective tax rate measure resolves the two deficiencies and inadequacies of the ETR-based tax planning measures.

### **Accounting ETR**

Accounting ETR is the ratio of tax expense to pre-tax income as reported in the income statement (Hanlon & Heitzman, 2010). As a result of the accrual concept, tax expense is usually combines the current and deferred tax liability. Current tax is the portion of tax payable by applying the current tax rate on the profit for the year while deferred tax is the portion of tax expenses resulting from temporal timing difference (the difference between the carrying amount and tax base of an asset/liability).

The major curb of this measure is that it fails to capture deferral tax strategies [strategies by a company to minimize tax liability using management discretion and choice of accounting policies] (Hanlon & Heitzman, 2010). The reason for this curb is not implausible due to the fact that deferred tax is a proportion of total tax expense. An

increase/ decrease in the current tax expense are offset by corresponding decreases [increases] in the deferred tax expense. Also another dimension for the curb is that it doesn't incarcerate to conform with tax avoidance and it suffers from truncation prejudice in a state or condition where the pre-tax accounting income is negative [loss] (Henry & Sansing, 2014).

### **Current ETR**

This is a variant of the accounting ETR developed to capture deferral tax strategy which is the reason for its superiority over the accounting ETR (Oyeleke, Erin, & Emeni, 2016). It is derived from the ratio of current tax expense to pre-tax accounting income. Despite being able to capture deferral tax strategy, it suffers other limitations. For example, if computed as an annual measure, it is subject to yearly volatility (Salihu, Obid, & Annuar, 2014). Also, it is likely to understate the level of planning tax if uncertain tax benefits are included in the pre-tax accounting income (Dunbar, Higgins, Phillips, & Plesko, 2010). Uncertain tax benefits are tax positions upheld by a company that is likely to be disallowed by the relevant tax authority upon conducting a tax audit.

#### **2.2.3 Cash ETR**

Financial reporting is done in line with Generally Accepted Accounting Principles (GAAP). One of such principle is the accrual principle that allows for the recognition of expenses (incomes) when they are incurred (earned) and not when payment is made (received). This principle, therefore, makes any ETR derived from the tax expense recorded in the income statement prone to accrual management such as valuation allowance and management discretions (Lee et al., 2015).

To remedy the aforementioned issue of accrual management, the cash ETR was introduced. The cash ETR is gotten by dividing the actual amount of tax paid (tax expense recorded in the cash flow statement) by pre-tax income. Thus, it measures the income per unit of actual tax avoided. Nonetheless, it suffers from a mismatch between

the numerator and the denominator. The numerator (cash tax expense) is devoid of accruals and is the actual tax paid while the denominator (pre-tax accounting income) is sourced from the income statement prepared in line with the accrual principle.

Therefore, the ratio derived is reflective of both accrual management and tax avoidance schemes. In addition, since cash mode involves movement of cash receipts or expended notwithstanding the originating or instigating period (Hanlon & Heitzman, 2010), the cash tax paid may be payment relating to current tax liabilities and liabilities deferred from previous years, thus, making the resulting ETR not necessarily an annual or long-run measure of tax avoidance. Be that as it may, to address the mismatch issue, the use of net cash flow from functional accomplishments or undertakings has been suggested (Hanlon & Heitzman, 2010; Salihu et al., 2013).

#### **2.2.4 Cash flow ETR**

As pointed out above, the use of cash ETR creates a mismatch issue that may affect the interpretation of findings. This issue can be easily be solved by comparing a numerator and a denominator that are both cash based. Hence the use of cash flow ETR. The cash flow ETR is derived by dividing tax expense by net cash flow from functional accomplishments or undertakings or by dividing cash tax paid by net cash flow from functional accomplishments or undertakings.

According to Gebhart (2017), the cash flow variants of ETR is a recent measure while Hanlon and Heitzman (2010) suggest that it differs from all other ETRs because of its capability to measure conforming tax avoidance. The suggestion by Hanlon and Heitzman (2010) is however opposed by Badertscher et al. (2016) who argue that cash flow ETR would not suffices in seizing or apprehending compliance on tax avoidance as it excludes book-tax in compliance with tax plans, policies and guidelines which involves the expenditures or revenue deferral acceleration that affects cash flow from operations. Hanlon and Heitzman (2010) may be right as inferences based on the analysis carried out

in this study to compare cash flow ETR with other variants of ETRs revealed a significant difference. Furthermore, the cash flow ETR can possibly lead to data truncation bias if the net operating cash flow is negative, which can in turn affect compliance to effective tax planning.

Data truncation bias only happens when the base is negative and accordingly, results to a negative quotient that is equated to zero for the analysis sake (Henry & Sansing, 2014). This bias may create ambiguity in interpretation though; it may be avoided if the focus is on just companies with positive cash flow.

### **2.2.5 Overview of FMCG in Nigeria**

The fast-moving consumer goods (FMCG) sector represents one of the principal and greatest industries globally. The sector is tagged as the consumer packaged goods (CPG) or consumer goods sector, which is mainly constituted by organisations that manufacture product, that are majorly in constant high demand. Products such as food, beverages, cleaning utensils are directly grouped under the FMCG sector. Fast-moving consumer goods companies have stood strong against trends changing the industry. Today's trend sees consumer demand meet the pace of disruptive technology and expanding into new markets can require innovation.

Nigeria has a population of about 170 million which is set to double by 2050 to 326 million. There are eight anchor cities in Nigeria with populations above 1 million each. This enormous growth and development reveals the large opportunities investment and consumption activity in the future as well as the formidable numbers of the FMCG sector in the country. The FMCG sector had grown overtime as the sector contributes from FMCG spending to the Gross Domestic Product. The working class age in Nigeria have about \$100 billion to spend as a result of the per capita income.

All in all, it can be deduced that there is a great and potential future market in Africa which will yield a significant potential for FMCG companies. It is important to note that

business environment in Africa is difficult and needs designated strategies to be in conformity with Africa. The nation Nigeria being an important market in the continent with an increasing middle class population and growing significance and importance of retail business and its strategic” markets. Companies under FMCG needs to adopt an adaptation strategy or policy or plan to smoothly penetrate into the Nigerian market either by culture scan or employ local expertise for management reasons (The economists, 2011).

### **2.3 Corporate Governance**

Corporate governance has, in more recent years, is the most frequently used terms in the modern corporation. Corporate governance has admired as an emerging aspect in past decades to improve the performance of organisations (McConaughy, Walker, Henderson & Mishra, 2018). This is for the reason that corporate governance when used wisely and at optimum level diminishes threat from stakeholders, attract more capital investment decisions and enhances the positive performance of organisations (Spanos, 2015). According to Khumani, Stone and Hurly (2018), an excellent execution of corporate governance increases the companies effectiveness and value in the long run existence of the organisation. Hence it has become an important concept for every company.

Corporate governance practice is commonly practiced by almost all organizations on earth with different countries having different corporate governance systems as attested by (Lekaram, 2014). Corporate Governance is the system by which organizations are directed and controlled. These are sets of relationships between company directors, shareholders and other stakeholder’s as it addresses the powers of directors and of controlling shareholders over minority interest, the rights of employees, rights of creditors and other stakeholders (Modum, Ugwoke, & Onyeanu, 2013). It is also structure internally that covers or incorporates plans, policies, processes and people, to be in line with shareholders’ and other stakeholders demands, by constant monitoring of

management activities with good business knowledge, practicability, objectivity, accountability truthfulness and uprightness (Okpara, 2011).

Corporate Governance is concerned with the methods that allows all interested parties that concerns the firm growth that is the stakeholders in an attempt to ensure that management and staffs are safeguard the interests of the stakeholders by taking appropriate steps, measure, policies and procedures. These measures are demanded and required because of the owners being separate from management, which is a vital characteristics of companies in times like this. Corporate Governance is a structure that directs and manages the Company's affairs in ensuring accountability with the main objective of realizing shareholder long term value with other stakeholders interest considered (Wanyama & Olweny, 2013).

Ogbeche (2016) posited that corporate governance ensures and assures good business behaviour. He further asserts that is about "doing the right things and doing the things right". It is the boards' method of overseeing and monitoring the day to day running of organization, management and how members of board of directors are in turn responsible and answerable to shareholders and organization. This has implications for company/organizational behaviour towards employees, shareholders, customers and other stakeholder.

Sound corporate governance is heavily reliant and dependent on external forces such as market place, legislation, with the addition of a healthy board culture which to safeguard company's policies and processes. Corporate governance concept had been in existence and talked more about in the Nineteenth Century when incorporation was being advocated, to reduce the liability. Kiratu (2016) perceives company registration is the starting base for any corporate governance with the assumptions that there are issues of multifarious dimensions with wide implications, especially for profit-oriented business organizations. Corporate governance has grown interest and now global significance issue.

Corporate Governance contribute immensely growth and development of nations' economies. This means that absence of proper Corporate Governance results to poor performance organizations. Modum, Ugwoke, and Onyeonu (2013) gallantly supported the position of a well-established concrete Corporate Governance impacts positively on organizational performance. Hence the emphasis placed on good Corporate Governance is the most important problem facing country's development.

### **2.3.1 Corporate Governance Practices Improvement**

Corporate Governance Practices improvement is recognized as an essential element to consolidate and solidify the foundation and groundwork for underpinning for the long-term economic performance of countries and corporations (Maravelaki, Doumpos, & Zopounidis, 2017). Corporate governance relates to how businesses are retained, kept, preserved, managed and controlled. Wanyama and Helliard (2009) stress that the day to day activities and control of business and the manner at which investors get returns is determined by corporate governance. Timis and Popescu (2015) asserts that core corporate governance institutions respond to two distinct problems, one of vertical governance, the relationship between distant shareholders and management of the firm and also the horizontal governance, which is the relationship between a close, controlling shareholder and distant shareholders.

Fraudulent acts and malpractices has been the major reasons for poor corporate governance globally such as account irregularities, legal non-compliance, favoritism, partiality, non-merit based system and minority shareholders exploitation (Timis & Popescu, 2015). This affects organisational performance. Carton (2014) states that organizational performance is based upon the idea that an organization is the voluntary association of productive assets, including human, physical, and capital resources for the purpose of achieving a shared purpose". Organizational performance is the effective and efficient manner which managers of organizations utilize resources to achieve set

objectives which managers are responsible for achieving the stated objectives. Without objective, capable management resources remain under-utilized and never become productive. The trend today is to set ambitious objective and to achieve them with fewer resources (Tepper & Taylor, 2003). Performance is regarded as behaviour, the way in which organization, teams, and individuals get work done.

According to Armstrong (2015), the level of firm performance is based on how effectively and efficiently, managers utilize resources to achieve set objectives which managers are responsible for in discharge of their duties. Ployhart, Weekley and Ramsey (2019) pointed out that jobs at the organizational level lead to human resources and are represented by the unit aggregate of individual personality. The differences in personality predicted individual service performance and employee satisfaction; however not all individual differences are beneficial.

Mismanagement of organisations, corporate fraud, and numerous corporate scandals is the major answer lack of structured governance system. The relevance and complexity of corporate governance has been from globalisation and information technology for the reason that corporations have become powerful in that information can now be relayed faster than before across the world. Accountability has become more important.

The recent progresses and advances in corporate governance reveal that the phenomenon now recognise the rights of not only the shareholders, but of others who are touched by the actions of corporations (Stiglitz, 2006). Therefore, the purpose of study was to examine the influence of corporate governance practice on organizational performance.

### **2.3.2 Structure of Corporate Governance**

Corporate governance has a long lasting view in finance as a tradition as a means to resolve agency issues. In this view, different stakeholders such as employees and bondholders need to be provided with the correct incentives and this is why they may need to be added to the process of corporate governance. The reason for this is that

Shareholders being owners and the aim for value maximisation are most times not directly involved in running and day to day activities of the firm.

Corporate Governance is the factors that have a significant impact on increasing the market value of shares of the company (Black, Jang & Kim, 2013). One of the goals of the company is to maximize shareholder value through dividends and increases in stock prices. The higher level of the stock price can be increasing the level of shareholders wealth. With the high firm value, it is expected shareholding welfare (Tarjo, 2018).

The emergence of the need for separation between ownership and managers can be effect of the agency problem. The problem is caused by the difference in interest between the principal (owner or shareholder) and the agent (manager). Agency problems cannot be separated from the tendency of managers to seek their own advantage (opportunistic behavior) at the expense of the interests of others. This occurs because although the manager obtain compensation from his job, but in reality very small changes in wealth manager than wealth changes owners /shareholders (Jensen & Murphy, 2010). Efforts to reduce opportunistic managerial behavior and increase the value of the company it is necessary to control through mechanisms of good corporate governance. There is a strong and positive relationship between the level of corporate governance and corporate value. In addition to their research results prove that the value of the relevant attribute corporate governance in enhancing the value of the company is corporate social behavior (Amman, Oesch & Schmid, 2015).

One important element of corporate governance is transparency or openness. Openness is an act to explain everything that is done by the management company to the public. Transparency is not easy to do if the management has no interest and private information that supports their interests. Such a condition can occur if the management company who have a stake there as the owner (managerial ownership). The greater the percentage of managerial ownership, the possibility to do a little more openness, so that companies are more at risk (Uwuigbe, Eluyela, Uwuigbe, Obarakpo & Falola, 2018).

### **2.3.3 Corporate Governance Mechanism and Effective Tax Planning**

Effective Tax planning incorporates more dimensions of the agency tension between managers and investors. According to agency perspective of tax, the problem that needs to be solved by investors is simply managerial shirking. The challenge of agency problem, illegal opportunism by management and diversion of resources are considered by effective tax planning (Desai & Dharmapala, 2009a). Desai and Dharmapala (2006) argued that complex effective tax planning can provide management of a firm with the justifications for opportunistic managerial behaviours.

The earlier study such as Desai and Dharmapala (2009a) find no relation between effective tax planning and firm value; however, they do find a positive relation between the two for firms with high institutional ownership. Their finding suggests that effective tax planning can only work where there is proper monitoring and controlling to constrain managerial opportunism afforded by tax planning activities. Furthermore, Hanlon and Slemrod (2009) found that firms with stronger governance in place would receive a lesser negative reaction.

Salawu and Adeladu (2017) investigated the impact of corporate governance on tax planning of non-financial quoted firms considering a sample of 50 firms from 2004-2014 using the Generalized Method of Moments. The results reveal a positive and significant relationship between effective tax rates and the value of the firm.

Yimbila (2017) in her thesis examined the relationship between tax planning in the context of corporate governance the study included 18 banks over a period of 10 years. The findings of the study indicate that the effective tax rate of the Ghanaian banks was higher than the statutory tax rate, thus implying that tax planning is not being optimized by Ghanaian banks.

Similarly, Dada (2017) empirically investigated the effect of tax planning on the performance of listed firms in Nigeria from 2003-2012. 15 firms across 3 sectors were

examined. Using a multiple regression model, the study revealed that tax planning had a positive but insignificant effect on corporate performance.

### **2.3.4 Directors' Holding and Effective Tax Planning**

Ownership or equity concentration is a way of solving the problem of agency between managers and shareholders; however, it created another type of conflict between minority shareholders and block-holders (Desai & Dharmapala, 2008). It supposes that a higher concentrated equity can increase the magnitude of aggressive tax strategies. Ownership concentration allows a sort of block-holders actions during decision making. Block-holders' presence is measured by cumulative percentage of share capital owned by the principal (Mitra, Deis & Hossain, 2017). Lapointe (2010) stated that local regulations affect the choice of a threshold for block-holders.

Erle (2008) claimed that the board of directors bears the ultimate responsibility for fulfilling the tax obligations of the corporation, and is involved directly in the corporate tax planning strategy. Minnick & Noga (2010) suggest that independent directors can reinforce tax management because they can provide useful knowledge and background from their own industry and experience. Lanis & Richardson (2011) show that appointing higher percentages of outside directors to the board is associated with increasing its effectiveness in monitoring function of the board. The research shows that corporations with more effective monitoring of management are less likely to be involved in corporate fraud; also non executive directors have little incentive to engage in this type of behavior (Yermack, 2014).

According to Melanie (2015), when incentives (directors shareholding) are attractive, managers tend to reduce rent extraction and that due to complementary association, she also lowers the firm's tax aggressiveness. Seidman and Stomberg (2012), argues that since managerial incentives are tax deductible, these deductions brings about additional tax shield and further reduce the propensity for aggressive tax planning.

Similar to Rego and Wilson (2012), Christopher, Jennifer, Alan and David (2012), found that directors equity risk-taking incentives have a positive relationship with the level of aggressive corporate tax planning. Robinson et al (2010) remarked that some corporate tax department views themselves as a profit center consequently providing incentives for managers to further engage in corporate aggressive tax planning. Desai and Dharmapala (2006) propounded a model that connects equity-based incentives to tax aggressiveness. They posited that complementarities exist between tax sheltering and rent extraction as a result of the fact that a strongly governed firm would provide managers with greater incentives for tax avoidance because these firms' other governance scheme would dissuade managers from extracting rent associated with tax avoidance activities. However the case is the reverse for poorly governed firm. Christopher et al. (2012), opined that there is a positive correlation between Directors portfolio and stock price. Sonja and Ryan (2008), are of the opinion that managers should not be compensated if the cost of tax aggressive planning exceeds Its benefits. Firms can ensure that directors acts in the best interests of shareholders by making them shareholders themselves (Sonja & Ryan, 2008). However Murphy (1999) posited that almost all for-profit companies make use of bonuses in addition to equity incentives.

### **2.3.5 Board Independence and Effective Tax Planning**

Independent directors include any non-employee board members as well as any members who work on their own (example, consultants, lawyers, accountants, amongst others). Similarly, a director is independent when he has no link of interest with the firm or his team (Beasley & Petroni 2001; Fernández & Arrondo, 2005). The independence and the expertise of the external directors allow them to make objective decisions. Several researchers postulate that the increase of the number of independent directors within the board improves the performance of the firm. Minnick and Noga (2010) argue that the independent directors concentrate also on the reduction of the foreign taxes. They find that increase in the number of independent directors increases the domestic tax rates.

Richardson and Roman (2011) suggest that firms having a high percentage of independent directors can reduce significantly tax planning.

The existence of independent non-executive directors is a good sign of corporate governance that balances the board in the organisation as shareholders authorizes the management of the firm to always be tax sensitive (Bhagat & Bolton, 2008). This is why board independency increase in the organisation decreases the effective tax rates (Yeung, 2010). It indicates that under good CG companies follow tax planning policy. Directors not within the organisation are more likely to be very independent and be influenced than directors inside the organisation. The independent directors perform the role of supervisors more effectively and are expected to be in a pole and better position to use companies resources to manage tax in the organisation. According to Yeung (2010), independent boards contribute immensely to monitor managers, it is also expected that they contribute to lower ETRs due to a more efficient management of tax burden.

### **2.3.6 Audit Committee Financial Expertise and Effective Tax Planning**

Audit committee comprises of members with profound knowledge and ability to understand financial statements rudiments with the capability for financial information evaluation or analysis. Therefore, for an effective audit committee, a significant attribute is expertise in auditing, accounting and internal control. This implies that audit committee members are certificate members (CPA) is insignificant to the financial difficulties in the companies. Audit committee members must be well vast and well-experienced to effectively fulfil responsibilities accorded to them with the sole aim of enhancing audit committee objectiveness. Augustine (2014) stated that audit committees are expected to constitute financially knowledgeable members, attain their tasks resourcefully, professionally, and optimise corporate financial performance. Consequently, financial expertise presence helps the audit committee accomplish resourcefully and professionally their responsibilities in internal control and audit. In addition, audit committee members

diverse experiences help to appraise effectiveness of the audit committee. Accordingly, audit committee members who are financially knowledgeable can minimise distress of companies. Furthermore, the absence of financial experts among the audit committee increases internal control weaknesses and mistrust. Financial expertise in audit committees enhances its effectiveness by meeting financial oversight responsibilities (Auday, 2010).

Hence, it is important to note that audit committee must have at least one member who has financial experience. Therefore, this means that financial expertise in fields of accounting, finance and audit, with relevant years experiences in these fields presence among audit committee members would enhance and improve the internal control and monitoring role (Auday, 2010).

### **2.3.7 Audit Committee Independence and Effective Tax Planning**

Audit committee independence is significant and crucial to the job and profession of an auditor's for the reason that audited financial statements would be invalid in the view of the end-users. SCAC (2017) posited that the audited financial statements value or significance depends on the assumption that the audit committee independence is independent in the nature of work. According to Augustine, Enofe, Chijioke and Oba (2014), audit committee independence is an expected audit committee behaviour that directs that an audit committee does not have personal interest in discharging their duties, because it is contrary to integrity. Augustine (2014) identified two aspects of independence which includes real independence and apparent independence.

Ojeka, Kanu and Owolabi (2013) explained that the audit committee characteristics can affect auditing processes and performance of corporate governance responsibilities. For instance real independence is the independence of the audit committee. This is the attitude which the audit committee discharging their duties that permits the provision of

an opinion without being affected by influences that compromise judgment, allowing the audit committee to act with integrity and exercise objectivity and professional scepticism. Apparently, independence deals with the image of auditors he enjoys as a professional member. Firstly, the concept of auditors independence deals with independency with fact, with fees, with relationships, with investment etc. Furthermore, previous studies revealed that auditor independence affects quality of an audit. Augustine, Enofe, Chijioke and Oba (2014), found out that auditor independence influences audit quality which follows therefore, that if the level of independence is awarded to audit committee then audit quality is guaranteed.

## **2.4. Theoretical Framework**

This section discusses the theory that covers the issues for effective tax planning and corporate governance. One popular theory will be adopted for the study which is the agency theory. Corporate governance contribute more in this theory.

### **2.4.1 Agency Theory**

Agency theory explain the conflicts of business principals and their agents. The principals represents the shareholders of the business and agents represent company executives.

According to Jensen and Meckling (1976), agency theory arises within a contract between an agent and a principal. Agency theory explains the conflicts that arise between the owner and the management of a company, including the companies listed on the stock exchange market. Conflict occurs when there is high information asymmetry between management and other parties who do not have a source, encouragement or adequate access to information to monitor managers' actions (Bergh, Connelly, Ketchen, & Shannon, 2014).

Management might decide to opt for manipulatng a company's performance such as maximising company's profit from an investment in order to balance and ensure

welfarism. Effective tax planning is major way to improve welfare and increase profits, which results in a low ETR. These different perspectives lead to conflicts between company owners and company management. Therefore, Achen and Snidal (1989) provide a view of the need for deterrence theory in the implementation of the duties and obligations of decision makers.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1. Introduction**

The aim of this chapter is to state the methodology to be used in carrying out this research. That is, to appraise the system of explicit rules and procedures upon which the research is based and against which claims for knowledge are evaluated.

#### **3.2. Research design**

The research implemented for the study is the cross-sectional survey design. The Cross-sectional survey involves examining the present state of a group or unit at a specific point in time. The research design was tolerable for utilising a logical research tool for data generation and information gathering drawn for this study. The design focused on data compilation and investigation from population of study which permitted the researcher to

look into the fundamental relationship connecting the dependent and independent variables.

### **3.3. Population of the Study**

The population is the totality of the object being studied. The population of this study comprises of Fast Moving Consumer Goods companies quoted on the Nigeria Stock Exchange (NSE) within the period of 2015 to 2019. There are 48 manufacturing companies quoted on the Nigeria Stock Exchange (NSE) within the period of 2015 to 2019.

### **3.4. Sampling frame**

The researcher adopted a judgmental sampling to purposefully select 20 Fast Moving Consumer Goods companies from the manufacturing sector quoted on the floor of Nigeria stock exchange within the period of 2015 to 2019. The rationale for selecting Fast Moving Consumer Goods Companies is due to the researcher accessibility to listed firm's data.

### **3.5. Sources of Data**

The nature of this study necessitated the use of secondary data. The data for the selected quoted Fast Moving Consumer Goods companies will be sourced from the fact-book of the Nigerian Stock Exchange and the annual reports and accounts.

### **3.6 Model Specification**

In the model specification below, the researcher intends to investigate the corporate governance and effective tax planning in FMCG in Nigeria. According to Reyna (n.d.)

model explores the relationship between predictor and outcome variables within an entity, in this case the firm, and each entity has its own individual characteristics that may or may not influence the predictor variables.

Thus, the research model is expressed in a functional form below;

*The functional form of the model is stated below*

$$ETR = f(DH, BI, ACF, ACI) \text{ ----- (1)}$$

$$ETR = \beta_0 + \beta_1 DH_t + \beta_2 BI_t + \beta_3 ACF_t + \beta_4 ACI + \beta_5 ROA_t + U_t$$

Where

- ETR = Effective Tax Rate.
- DH = Director’s Holding
- BI = Board Independence
- ACF = Audit Committee Financial Expertise
- ACI = Audit Committee Independence
- ROA = Return on Assets
- Ut = error term

ao,  $\beta_0$  = Intercept

$\beta_1, \beta_2, \beta_3, \beta_4$  = parameter estimates

Apriori expectation

$$\beta_1, \beta_3, \beta_4, > 0 \quad \beta_2 < 0$$

### 3.7 Method of Data Analysis

Cross-sectional data of twenty (20) fast moving consumer goods companies for 2015-2019 will be used for the analysis using a Panel data regression. The panel data regression was considered appropriate in view of the fact that it helps in establishing relationship, cause and effect between the variables. The research study run three types of regression in order to select the best analysis technique which includes Ordinary Least Square (OLS), Fixed Effect and Random Effect regression, in which the best techniques were decided by the Hausman Specification test (either fixed effect or random effect regression) and Lagrangian Multiplier Test (either random effect or OLS) or Wald Test (either fixed effect or OLS), which helps us to estimate the effect of the independent variables on the dependent variables.

### 3.8 Measurement of Variables

Variable name	Proxies	Operation	Source	Apriori Expectation
Effective Tax Rate	ETR	<u>Reported tax expense</u> Reported profit before tax	Mohammed (2017)	-
Director's Holding	DH	<u>shares owned by directors/</u> managers to total ordinary shares issued	Dridi W, Boubaker (2016)	+

		by the company		
Board Independence	BI	percentage of independent directors on the board	Minnick & Noga (2010)	+
Audit Committee Financial Expertise	ACF	number of audit committee members having experience and knowledge in financial accounting matters	Ojeka, Iyiola & Asaolu (2015)	+
Audit Committee Independence	ACI	number of non-executive directors (outside directors) in the audit committee	Ojeka, Iyiola & Obigbemi (2014)	+
Return on Assets	ROA	$\frac{\text{Net Income}}{\text{Total Assets}}$	Yang & Krishnan (2015)	-

# CHAPTER FOUR

## DATA PRESENTATION AND ANALYSIS

### 4.1 Introduction

This chapter contains the presentation and analysis of data collected for this study, which attempt to examine corporate governance and effective tax planning among Nigerian listed fast moving consumer goods. The data were obtained from listed firms in the fast moving consumer goods industry from 2015 to 2019. The statistical method of descriptive statistics, correlation analysis and panel data regression technique will be used to analyze the data in order to achieve the research objective.

### 4.2 Data Presentation

**Table 4.1 Descriptive Statistics**

	ETR	DH	BI	ACF	ACI	ROA
Mean	0.130348	0.610600	7.600000	1.400000	1.280000	0.084232
Median	0.113300	0.600000	7.000000	1.000000	1.000000	0.071000
Maximum	0.365800	0.870000	11.00000	5.000000	3.000000	0.297900
Minimum	-0.092200	0.450000	6.000000	0.000000	0.000000	-0.083000
Std. Dev.	0.120732	0.133993	1.471960	1.322876	0.890693	0.092211
Skewness	0.094174	0.793226	0.800048	0.991950	-0.213190	0.487140
Kurtosis	2.537614	2.976805	2.602071	3.608844	1.921086	3.167586

Jarque-Bera	0.259663	2.622255	2.831934	4.485990	1.401933	1.018028
Probability	0.878244	0.269516	0.242691	0.106140	0.496106	0.601088
Sum	3.258700	15.26500	190.0000	35.00000	32.00000	2.105800
Sum Sq. Dev.	0.349831	0.430896	52.00000	42.00000	19.04000	0.204068
Observations	100	100	100	100	100	100

***SOURCE: Researchers computation (E-VIEWS 9) 2021***

Descriptive statistics of the variables is reported in Table 4.1.

The Fast moving consumer goods Industry registered on the Nigerian Stock Exchange Market is one of the most important industries of Nigerian economy, which includes Union Dicon Salt Plc, Unilever Nigeria Plc, Austin Laz & Co, Guinness Nigeria Plc, Cadbury Nigeria Plc, Flour Mills of Nigeria Plc, Honeywell Flour Nigeria Plc, Oil Palms etc.

The mean of the Effective Tax Rate (ETR) is 0.130348, with a minimum index of -0.092200, a maximum of -0.092200 and standard deviation of 0.120732. This signifies that the data disperses from the mean by 0.12. The effective tax rate is the percent of their income that an individual or a corporation pays in taxes. The effective tax rate for individuals is the average rate at which their earned income, such as wages, and unearned income, such as stock dividends, are taxed.

The mean of the Director's shareholding is 0.610600, with a minimum index of 0.450000, maximum of 0.870000 and standard deviation of 0.133993. This signifies that data disperses from the mean by 0.134. Director's shareholding is a way of solving the problem of agency between managers and shareholders; however, it created another type of conflict between minority shareholders and block-holders.

The mean of the Board Independence is 7.600000, with a minimum index of 6.000000, maximum of 11.000000 and standard deviation of 1.471960. This signifies that data disperses from the mean by 1.47. Independent directors include any non-employee board members as well as any members who work on their own. The independence and the expertise of the external directors allow them to make objective decisions.

The mean of the Audit Committee Financial Expertise (Expertise) is 1.480000, with a minimum index of 1.00, maximum of 5.00 and standard deviation of 0.811405. This signifies that data disperses from the mean by 0.81. Audit Committee Financial Expertise in this study is used to measure the number of members that have the profound knowledge and ability to understand financial statements rudiments with the capability for financial information evaluation or analysis. The audit committee financial expertise for the fast moving consumer goods industry revealed a mean of 1.48. This revealed that in general, at least one financial expertise is present among Audit committee members of the Fast moving consumer goods Industry in Nigeria.

The mean of the Audit Committee Independence (Independence) is 1.186667, with a minimum index of 1.000000, maximum of 3.000000 and standard deviation of 1.061530. This signifies that data disperses from the mean by 1.06. The Audit Committee Independence in this study is used to measure the number of non-executive directors in the audit committee to carry out an effective monitoring of the financial reporting process and measured by the number of non-executive director in the organisation. The audit committee independence for the fast moving consumer goods industry revealed a mean of

1.18. This revealed that in general, at least one non-executive director is present among Audit committee members of the Fast moving consumer goods Industry in Nigeria.

**Table 4.2 Correlation Matrix**

	DH	BI	ACF	ACI
DH	1.000000			
BI	0.618139	1.000000		
ACF	-0.154673	-0.042796	1.000000	
ACI	0.213943	0.311452	0.148522	1.000000

***SOURCE: Researchers computation (E-VIEWS 9) 2021***

The correlation matrix explains the nature of relationship between the dependent and independent variables of the study as well as the independent variables among themselves. The summary of the associations among the variables of the study is presented in Table 4.2.

Table 4.2 shows that the co-efficient of correlation of a variable with respect to itself is 1.000, which indicates that there exists a perfect Correlation between a variable with respect to itself. Correlation Analysis Basic assumption of the linear regression requires that there is no multi-collinearity problem in the estimation model, the easiest way to measure the extent of multi-collinearity is through the matrix of correlations between the individual variables. High correlation coefficients between pairs of explanatory variables indicate that these variables are highly correlated, and therefore may have severe multi-collinearity.

**Table 4.3      Multicollinearity Test**

Variable	Coefficient Variance	Uncentered VIF	Centered VIF
C	29.64008	209.8933	NA
DH	0.110926	26.90629	1.682734
BI	0.064286	8.898324	1.120889
ACF	0.360806	7.256233	1.659735
ACI	0.150278	2.681736	1.183180

***SOURCE: Researchers computation (E-VIEWS 9) 2021***

Based on the Coefficients Output - collinearity Statistics, obtained VIF value of 1.682734, 1.120889, 1.659735 and 1.183180 meaning that the VIF value obtained is between 1 and 10, it can be concluded that there is no multicollinearity symptoms. After the test is completed multicollinearity researchers also will examine whether there was a difference of residual variance observation period to another period of observation by way of heteroscedasticity test.

**Table 4.4 Heteroskedasticity Test**

Heteroskedasticity Test: Breusch-Pagan-Godfrey

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F-statistic	0.330701	Prob. F(8,66)	0.9512
Obs*R-squared	2.890504	Prob. Chi-Square(8)	0.9410
Scaled explained SS	2.463948	Prob. Chi-Square(8)	0.9634

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**SOURCE: Researchers computation (E-VIEWS 9) 2021**

Based on Output Coefficients the obtained value includes

The test of heteroskedasticity reported a probability value of  $0.9512 > 0.05$ . The test could not sustain the null hypothesis of the presence of heteroskedastic residuals hence, we accepted the alternate of homoskedastic residuals which signifies unbiased variances.

**Table 4.5 Hausman Table**

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	15.926948	8	0.4304

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\*\* WARNING: estimated cross-section random effects variance is zero.

Cross-section random effects test comparisons:

**SOURCE: Researchers computation (E-VIEWS 9) 2021**

In view of the fact that both fixed and random effect tests were conducted, the Hausman test was used to decide the best out of the two results. The test enabled the researcher to choose the most appropriate between the fixed and random effect models.

The researcher will select among the two hypothesis, if

H<sub>0</sub>: Random Effect model is more appropriate

H<sub>1</sub>: Fixed Effect model is more appropriate

Decision Rule:

1. If the value Sig. < 0.05, Select Random Effect
2. If the value Sig. > 0.05, then Select Fixed Effect

**Decision**

Reject the null hypothesis if the prob-value is statistically significant at 5% level. It implies that the individual effects ( $a_i$ ) correlate with the explanatory variables. Therefore use the fixed effect estimator to run the analysis. Thus, the researcher will select the fixed effect to run the analysis as the significant value is less than 5%.

**Table 4.6 Wald Test**

Test Statistic	Value	df	Probability
F-statistic	183.9354	(7, 52)	0.0000
Chi-square	1287.548	7	0.0000

Null Hypothesis:

$$C(1)=C(2)=C(3)=C(4)=C(5)=C(6)=C(7)=0$$

Null Hypothesis Summary:

Normalized Restriction (= 0)	Value	Std. Err.
C(1)	-49.63776	37.15883
C(2)	-0.432339	0.411595
C(3)	0.105777	0.308550
C(4)	-0.018711	0.716697
C(5)	-0.734098	1.005713
C(6)	-0.448719	0.617030
C(7)	8.952847	4.381183

Restrictions are linear in coefficients.

***SOURCE: Researchers computation (E-VIEWS 9) 2019***

The Wald test will be used to decide the best out of the two results. The test enabled the researcher to choose the most appropriate between the fixed effect and OLS models.

H<sub>0</sub>: Fixed Effect model is more appropriate

H<sub>1</sub>: OLS model is more appropriate

The researcher will select among the two hypothesis, if

1. the value Sig. < 0.05, Select Fixed Effect
2. the value Sig. > 0.05, then Select OLS model

### **Decision**

Reject the null hypothesis if the prob-value is statistically significant at 5% level. It implies that the individual effects ( $a_i$ ) correlate with the explanatory variables. Therefore, use the Fixed effect model estimator to run the analysis. Thus, the researcher will select the fixed effect model estimator to run the analysis as the significant value is less than 5%.

### **4.3 Hypotheses Testing**

In view of the panel data, fixed effect, random effect and ordinary least square model regression were run and subsequently. Hausman specification test was then used to decide between the two results. The result from the Hausman test revealed that the test considered the fixed effect as the most appropriate estimator and as a result of that the Wald test for fixed effect is conducted showed that fixed effect model is statistically significant. This suggests that the fixed effect model result should be considered which also required further robustness test before its interpretation.

#### ***Hypothesis One***

H<sub>01</sub>. There is no significant relationship between director's holding and tax planning among listed FMCG in Nigeria.

#### ***Hypothesis Two***

H<sub>02</sub>. There is no significant relationship between board independence and tax planning among listed FMCG in Nigeria.

***Hypothesis Three***

H<sub>03</sub>. There is no significant relationship between audit committee financial expertise and tax planning among listed FMCG in Nigeria.

***Hypothesis Four***

H<sub>04</sub>. There is no significant relationship between audit committee independence and tax planning among listed FMCG in Nigeria.

**Table 4.7 Regression Table**

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-49.63776	37.15883	-1.335827	0.1874
DH	0.105777	0.308550	0.342818	0.7331
BI	-0.432339	0.411595	-1.050398	0.0298
ACF	-0.734098	1.005713	-0.729928	0.4687
ACI	-0.448719	0.617030	-0.727224	0.0704
ROA	-13.75801	9.776584	-1.407241	0.1653

Effects Specification

Cross-section fixed (dummy variables)

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R-squared	0.398420	Mean dependent var	22.28000
Adjusted R-squared	0.143905	S.D. dependent var	3.371422
S.E. of regression	3.119422	Akaike info criterion	5.360262
Sum squared resid	506.0013	Schwarz criterion	6.070958
Log likelihood	-178.0098	Hannan-Quinn criter.	5.644035
F-statistic	1.565409	Durbin-Watson stat	2.938193
Prob(F-statistic)	0.093518		

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***SOURCE: Researchers computation (E-VIEWS 9) 2019***

***Hypothesis One***

H<sub>01</sub>. There is no significant relationship between director's holding and tax planning among listed FMCG in Nigeria.

From the fixed effect regression result, it was observed that Director's holding with an absolute calculated t-value of 0.342818 with a p-value of 0.7331 is greater than the 5% level of significance or p-value. Therefore, we accept the null hypothesis which states that there is no significant relationship between director's holding and tax planning among listed FMCG in Nigeria and reject the alternate thereof.

***Hypothesis Two***

H<sub>02</sub>. There is no significant relationship between board independence and tax planning among listed FMCG in Nigeria.

From the fixed effect regression result, it was observed that Board Independence with an absolute calculated t-value of -1.050398 with a p-value of 0.0298 is less than the 5% level of significance. Therefore, we reject the null hypothesis which states that there is no significant relationship between board independence and tax planning among listed FMCG in Nigeria and accept the alternate thereof.

### ***Hypothesis Three***

H<sub>03</sub>. There is no significant relationship between audit committee financial expertise and tax planning among listed FMCG in Nigeria.

From the fixed effect regression result, it was observed that Audit Committee Financial Expertise with an absolute calculated t-value of -0.729928 with a p-value of 0.4687 is greater than the 5% level of significance. Therefore, we accept the null hypothesis which states that there is no significant relationship between audit committee financial expertise and tax planning among listed FMCG in Nigeria and reject the alternate thereof.

### ***Hypothesis Four***

H<sub>04</sub>. There is no significant relationship between audit committee independence and tax planning among listed FMCG in Nigeria.

From the fixed effect regression result, it was observed that Audit Committee Independence with an absolute calculated t-value of -0.727224 with a p-value of 0.0704 is more than the 5% level of significance. Therefore, we accept the null hypothesis which states that There is no significant relationship between audit committee independence and tax planning among listed FMCG in Nigeria and reject the alternate thereof.

#### 4.4 Discussion of Findings

Based on the empirical analysis of the study, we can now compare and contrast the results of this study with the results of previous studies on the corporate governance and effective tax planning in FMCG in Nigeria among Nigerian listed fast moving consumer goods. This would enable us appreciate the findings of this study. We begin systematically based on the research questions adopted for the study.

The first objective of the study was to determine the relationship between director's shareholding and tax planning among listed FMCG in Nigeria. The study revealed that there is no significant relationship between director's holding and tax planning among listed FMCG in Nigeria having a reported t-value of 0.342818 and a p-value ( $0.7331 > 0.05$ ). This suggests that an increase in the director's shareholding does not lead to any significant change in tax planning. We therefore accept the null hypothesis  $H_1$  and reject the alternate hypothesis. The study is in consistent with the finding of Kurawa and Kabara (2014).

The second objective of the study was to ascertain the relationship between board independence and tax planning among listed FMCG in Nigeria. The study showed that board independence have a positive relationship with tax planning having a reported t-value of -1.050398 with a p-value ( $0.0298 < 0.05$ ). This suggests that an increase or decrease in the independence decisions of board of directors will affect tax planning. We therefore reject the null hypothesis  $H_4$  which states that there is no significant relationship between board independence and tax planning among listed FMCG in Nigeria and accept the alternate hypothesis thereof. This study is in consonance with the findings of Ojeka, Iyoha, and Obigbemi (2015).

The third objective of the study was to examine the relationship between audit committee financial expertise and tax planning among listed FMCG in Nigeria having a reported t-value of -0.729928 and a p-value ( $0.4687 > 0.05$ ). This suggests that an increase in the

audit committee financial expertise of the firm do not affect tax planning. We therefore accept the null hypothesis  $H_2$  which states that there is no significant relationship between audit committee financial expertise and tax planning and reject the alternate hypothesis thereof. This was in tendering with the findings of Cetindamar and Husoy (2017) who found a negative relationship between financial expertise and tax planning.

The fourth objective of the study was to investigate the relationship between audit committee independence and tax planning. The study showed that firm performance have a positive and an insignificant relationship with tax planning having a reported t-value of -0.727224 with a p-value of 0.0704. This suggests that an increase or decrease in audit committee independence will not affect tax planning. We therefore accept the null hypothesis  $H_4$  which states that there is no significant relationship between audit committee independence and tax planning among listed FMCG in Nigeria and reject the alternate hypothesis thereof. This study is in consonance with the findings of Ojeka, Iyoha, and Obigbemi (2015).

# CHAPTER FIVE

## SUMMARY, CONCLUSION AND RECOMMENDATION

### 5.1 Introduction

This chapter discusses the findings in detail and summary of the research undertaken. Based on the findings, conclusions are drawn. These then give a further basis for subsequent recommendations in order to solve the research problem. These recommendations are then given for further research of the topic and other related topics.

### 5.2 Summary

The main objective of this study is to examine the relationship between corporate governance and effective tax planning in FMCG in Nigeria. The research study was introduced and work was established by observing numerous and diverse views on the subject of corporate governance and effective tax planning, which was extensively explored. It included effective tax planning, corporate governance, directors shareholding, board independence, audit committee independence, audit financial expertise were explored. The study also propounded theoretical framework on agency theory.

The research adopted the cross-sectional survey design to establish the relationship between the dependent and the independent variables as data was generated from (20) fast moving consumer goods companies between 2015 and 2019. The variable was analysed using the Panel Data regression method with the Eviews 9.0 version. Finally, the outcomes from the hypotheses were teamed up in some instances, by prior studies.

### **5.3 Conclusion**

In view of the forgone research work, presentation, analysis and interpretation, it is of no reservation that corporate governance and effective tax planning are extremely needed in the fast moving consumer goods industry. Many past empirical studies investigate the implications of corporate governance. The majority of these investigations are based on developed economies, while very little is empirically known about the implications, relationships and impact of corporate governance on the effective tax planning in emerging or transition economies like Nigeria. This study has examined and documented evidences that are consistent with the relationship and effects which corporate governance exerts on tax planning of companies listed on the Nigerian Stock Exchange.

Based on a sample of 100 companies – year observations from the Nigerian Stock Exchange for the fiscal years, 2015 to 2019, and using five of the commonly applied audit committee attributes (director’s shareholding, board independence, audit committee financial expertise and audit committee independence) together as perceived corporate governance measures, for purpose of robustness, a massive and all-inclusive multivariate analyses was conducted.

Although the results of this study are similar to findings of many similar studies conducted in some more advanced economies, in arriving at the above conclusions, quoted financial institutions, unquoted companies and other firms located within the informal sector of the Nigerian economy were excluded; the sample covered five years of data drawn from annual accounts of sampled companies. The effect of these limitations is that external validity problem may be amplified to constrain the generalization of the results to cover different periods of time and different locations. The relevance of agency and theories in understanding the corporate tax behaviour was also regarded.

#### **5.4 Recommendations**

Based on the findings made in the study, the following recommendations are formulated

Tax authorities play a vital role here. Corporate tax behavior should be regulated by the government through the tax rules and corporate governance rules.

The relevant tax authorities in Nigeria should always investigate the intention of tax payers before considering whether tax liability will be reduced below normal as a result of this intention or anticipation of reducing tax burden.

The use of independent board members will have an influence on how the corporation performs. Second, corporate tax planning has some benefits for shareholders. Effective tax planning results in an increased cash flow that will lead to an increase of the firm's value, which in turn will lead to an increase of shareholder wealth.

#### **5.5 Suggestions for Further Studies**

- i. There is much to be done about corporate governance and effective tax planning in FMCG in Nigeria in future. Thus, future research should be conducted on the same topic with different industries and extending the years of the sample.
- ii. Additionally, studying the same research issues found here but in a different industry sector would be an interesting extension of this study. This may reveal interesting results in terms of variations within the industrial sectors.
- iii. More time should be given to this study and related studies and also more funds should be set out so as to ensure that a thorough work is carried out.

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## APPENDIX

	ETR	DH	BI	ACF	ACI	ROA
Mean	0.130348	0.610600	7.600000	1.400000	1.280000	0.084232
Median	0.113300	0.600000	7.000000	1.000000	1.000000	0.071000
Maximum	0.365800	0.870000	11.00000	5.000000	3.000000	0.297900
Minimum	-0.092200	0.450000	6.000000	0.000000	0.000000	-0.083000
Std. Dev.	0.120732	0.133993	1.471960	1.322876	0.890693	0.092211
Skewness	0.094174	0.793226	0.800048	0.991950	-0.213190	0.487140
Kurtosis	2.537614	2.976805	2.602071	3.608844	1.921086	3.167586
Jarque-Bera	0.259663	2.622255	2.831934	4.485990	1.401933	1.018028
Probability	0.878244	0.269516	0.242691	0.106140	0.496106	0.601088
Sum	3.258700	15.26500	190.0000	35.00000	32.00000	2.105800
Sum Sq. Dev.	0.349831	0.430896	52.00000	42.00000	19.04000	0.204068
Observations	100	100	100	100	100	100

	DH	BI	ACF	ACI
DH	1.000000	0.618139	-0.154673	0.213943
BI	0.618139	1.000000	-0.042796	0.311452
ACF	-0.154673	-0.042796	1.000000	0.148522
ACI	0.213943	0.311452	0.148522	1.000000

Variable	Coefficient Variance	Uncentered VIF	Centered VIF
C	29.64008	209.8933	NA
DH	0.110926	26.90629	1.682734
BI	0.064286	8.898324	1.120889
ACF	0.360806	7.256233	1.659735
ACI	0.150278	2.681736	1.183180

Heteroskedasticity Test: Breusch-Pagan-Godfrey

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F-statistic	0.330701	Prob. F(8,66)	0.9512
Obs*R-squared	2.890504	Prob. Chi-Square(8)	0.9410
Scaled explained SS	2.463948	Prob. Chi-Square(8)	0.9634

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Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	15.926948	8	0.4304

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\*\* WARNING: estimated cross-section random effects variance is zero.

Cross-section random effects test comparisons:

Test Statistic	Value	df	Probability
F-statistic	183.9354	(7, 52)	0.0000
Chi-square	1287.548	7	0.0000

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Null Hypothesis:

$$C(1)=C(2)=C(3)=C(4)=C(5)=C(6)=C(7)=0$$

Null Hypothesis Summary:

Normalized Restriction (= 0)	Value	Std. Err.
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C(4)	-0.018711	0.716697
C(5)	-0.734098	1.005713
C(6)	-0.448719	0.617030
C(7)	8.952847	4.381183

Restrictions are linear in coefficients.

**SOURCE: Researchers computation (E-VIEWS 9) 2019**

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-49.63776	37.15883	-1.335827	0.1874
DH	0.105777	0.308550	0.342818	0.7331
BI	-0.432339	0.411595	-1.050398	0.0298
ACF	-0.734098	1.005713	-0.729928	0.4687
ACI	-0.448719	0.617030	-0.727224	0.0704
ROA	-13.75801	9.776584	-1.407241	0.1653

Effects Specification

Cross-section fixed (dummy variables)

R-squared	0.398420	Mean dependent var	22.28000
Adjusted R-squared	0.143905	S.D. dependent var	3.371422
S.E. of regression	3.119422	Akaike info criterion	5.360262
Sum squared resid	506.0013	Schwarz criterion	6.070958

Log likelihood	-178.0098	Hannan-Quinn criter.	5.644035
F-statistic	1.565409	Durbin-Watson stat	2.938193
Prob(F-statistic)	0.093518		

## Data

		ETR	DH	BI	ACF	ACI	ROA
Union Dicon Salt Plc	2019	0.2341	0.64	7	2	1	0.1589
	2018	0.2812	0.61	7	2	2	0.1949
	2017	0.2695	0.6	8	2	2	0.1919
	2016	0.3658	0.6	6	1	2	0.2979
	2015	0.3585	0.64	7	0	2	0.2763
Vitafoam Nig Plc	2019	0.1769	0.619	10	3	3	0.1145
	2018	0.1133	0.619	9	5	1	0.0733
	2017	0.1498	0.619	7	4	1	0.0888
	2016	0.1071	0.619	7	2	1	0.0542
	2015	0.1067	0.619	7	3	2	0.0592
NIGERIAN ENAMELWARE PLC.	2019	0.086	0.58	9	0	1	0.0546
	2018	0.1277	0.58	6	1	0	0.0848
	2017	0.0605	0.58	6	1	0	0.0409
	2016	0.104	0.58	6	1	0	0.071
	2015	0.1094	0.58	7	1	2	0.0655
Unilever Nigeria Plc	2019	0.2237	0.45	7	1	0	0.1308
	2018	0.1091	0.45	6	1	0	0.0626
	2017	0.1184	0.45	8	0	0	0.07
	2016	0.2031	0.45	6	2	2	0.1216
	2015	0.1882	0.45	8	2	2	0.1035
Austin Laz & Co	2019	-0.0922	0.45	7	0	2	-0.083
	2018	-0.0341	0.87	8	0	2	-0.0316
	2017	-0.036	0.87	10	1	1	-0.0316
	2016	-0.036	0.87	10	0	1	-0.0316
	2015	-0.036	0.87	11	0	2	-0.0316
Guinness Nigeria	2019	-0.0442	0.4648	12	1	0	-0.0207
	2018	0.1619	0.4648	10	0	2	0.0882
	2017	0.2107	0.4648	9	0	2	0.1038
	2016	0.2559	0.4648	10	1	1	0.1259
	2015	0.3661	0.4648	11	1	1	0.183
Goldenn Guinea Breweries	2019	-0.0594	0.351	12	0	1	-0.0355
	2018	-0.0873	0.351	11	1	1	-0.0394
	2017	-0.29	0.351	10	0	1	-0.1218

	2016	-0.2075	0.351	6	0	1	-0.074
	2015	-0.0657	0.351	7	0	1	-0.0262
Cadbury Nigeria Plc	2019	0.0255	0.42	7	0	3	0.0106
	2018	-0.0268	0.42	7	1	3	-0.0104
	2017	0.0939	0.42	6	1	3	0.0406
	2016	0.1964	0.42	8	1	3	0.0869
	2015	0.2474	0.42	7	1	3	0.1409
Flour Mills of Nigeria Plc	2019	0.0909	0.67	7	2	1	0.0286
	2018	0.104	0.67	9	2	2	0.0447
	2017	0.025	0.67	8	2	2	0.0105
	2016	0.1031	0.67	7	2	2	0.0463
	2015	0.0886	0.67	9	2	2	0.0366
Honeywell Flour Mills Plc	2019	0.0785	0.75	9	0	3	0.0355
	2018	0.0823	0.75	10	0	1	0.038
	2017	-0.1848	0.75	8	0	1	-0.0398
	2016	0.0551	0.75	9	0	1	0.0165
	2015	0.1627	0.75	8	0	2	0.0525
DN Tyre & Rubber	2019	0.2341	0.64	8	0	1	0.1589
	2018	0.2812	0.61	9	0	0	0.1949
	2017	0.2695	0.6	8	2	0	0.1919
	2016	0.3658	0.6	7	2	0	0.2979
	2015	0.3585	0.64	9	2	2	0.2763
Champion Brew Plc	2019	0.1769	0.619	6	1	0	0.1145
	2018	0.1133	0.619	7	1	0	0.0733
	2017	0.1498	0.619	8	2	0	0.0888
	2016	0.1071	0.619	10	2	2	0.0542
	2015	0.1067	0.619	10	2	2	0.0592
Dangote Flour Mills Plc	2019	0.086	0.58	6	0	1	0.0546
	2018	0.1277	0.58	9	0	2	0.0848
	2017	0.0605	0.58	8	0	2	0.0409
	2016	0.104	0.58	8	2	2	0.071
	2015	0.1094	0.58	7	2	2	0.0655
Dangote Sugar Refinery Plc	2019	0.2237	0.45	8	0	3	0.1308
	2018	0.1091	0.45	8	0	1	0.0626
	2017	0.1184	0.45	10	1	1	0.07
	2016	0.2031	0.45	11	1	1	0.1216

Nestle Nigerian Plc	2015	0.1882	0.45	12	1	2	0.1035
	2019	-0.0922	0.45	12	3	1	-0.083
	2018	-0.0341	0.87	12	3	0	-0.0316
	2017	-0.036	0.87	8	3	0	-0.0316
	2016	-0.036	0.87	9	3	0	-0.0316
International Breweries Plc	2015	-0.036	0.87	10	1	2	-0.0316
	2019	-0.0442	0.4648	10	0	0	-0.0207
	2018	0.1619	0.4648	11	0	0	0.0882
	2017	0.2107	0.4648	5	0	0	0.1038
	2016	0.2559	0.4648	8	0	2	0.1259
Mcnichols Plc	2015	0.3661	0.4648	6	1	2	0.183
	2019	-0.0594	0.351	7	2	2	-0.0355
	2018	-0.0873	0.351	7	2	2	-0.0394
	2017	-0.29	0.351	6	2	1	-0.1218
	2016	-0.2075	0.351	9	1	1	-0.074
Multi-Trex Integrated Foods Plc	2015	-0.0657	0.351	5	0	2	-0.0262
	2019	0.0255	0.42	7	3	0	0.0106
	2018	-0.0268	0.42	7	5	2	-0.0104
	2017	0.0939	0.42	9	4	2	0.0406
	2016	0.1964	0.42	6	2	1	0.0869
N Nig Flour Mills Plc	2015	0.2474	0.42	6	3	1	0.1409
	2019	0.0909	0.67	6	0	1	0.0286
	2018	0.104	0.67	6	1	1	0.0447
	2017	0.025	0.67	6	1	1	0.0105
	2016	0.1031	0.67	8	1	1	0.0463
Nascon Allied Industries Plc	2015	0.0886	0.67	6	1	1	0.0366
	2019	0.0785	0.75	7	1	3	0.0355
	2018	0.0823	0.75	6	1	3	0.038
	2017	-0.1848	0.75	8	0	3	-0.0398
	2016	0.0551	0.75	8	2	3	0.0165
	2015	0.1627	0.75	11	2	3	0.0525