

CORPORATE GOVERNANCE AND FIRM PERFORMANCE



Rhema Akachukwu DENNIS

MGS2104528

DEPARTMENT OF ACCOUNTING

FACULTY OF MANAGEMENT SCIENCES

UNIVERSITY OF BENIN

BENIN CITY.

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**BEING A PROJECT WORK SUBMITTED TO THE DEPARTMENT OF
ACCOUNTING, FACULTY OF MANAGEMENT SCIENCES, UNIVERSITY OF
BENIN ,BENIN CITY. IN PARTIAL FULFILLMENT OF THE REQUIREMENTS
FOR THE AWARD OF THE BACHELOR OF SCIENCE (B.SC) DEGREE IN
ACCOUNTING**

NOVEMBER, 2025.

DECLARATION

I, **Rhema Akachukwu DENNIS** declare that,

- i. This study is 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 **Prof C.J. Mgbame** of the Department of Accounting, Management Sciences, University of Benin, Benin City, Nigeria.
- ii. This work has not been submitted for the award of degree elsewhere.
- iii. Ideas and views are product of my personal research and where the view of others has been expressed, they have been duly acknowledged.
- iv. Any liability arising from this work is to be wholly borne by me alone

Rhema Akachukwu DENNIS

DATE

MGS2104528

CERTIFICATION

We, certify that this research project was carried out by **Rhema Akachukwu DENNIS** in the Department of Accounting, Faculty of Management Sciences, University of Benin, Benin City, Nigeria. It is adequate in scope and quality in partial fulfilment of the requirements for the award of Bachelor of Science (BSc.) degree in Accounting.

Prof. C.J. Mgbame
(Project Supervisor)

Date

DR. Ikhu-Omoregbe Godstime
(Project Coordinator)

Date

Dr. Osasu Obaretin
(Head of Department)

Date

DEDICATION

This project work is dedicated to God Almighty for His abundant grace in my life and for seeing me through my academic pursuit and aspirations. He has been my source of strength and on his wings only I have soared. I also want to dedicate this project to my Family and friends for the love and encouragement they have shown towards me during the course of this program, all I can say is thank you and God bless you.

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ABSTRACT

This study investigates the influence of corporate governance mechanisms on the financial performance of consumer goods firms listed on the Nigerian Exchange Group (NGX) between 2019 and 2023. Using a sample of twenty (20) quoted companies over a five-year period, the study examines Earnings Per Share (EPS) as the dependent variable, while Frequency of Board Meetings, Board Size, Gender Diversity, and Board Independence serve as independent variables. Data were collected from audited annual reports and analyzed using descriptive statistics, correlation analysis, Variance Inflation Factors (VIF), heteroskedasticity tests, and Panel Least Squares regression in E-Views 13.

The findings indicate that Frequency of Board Meetings, Board Size, and Board Independence significantly and positively influence EPS, highlighting the importance of regular board oversight, optimal board composition, and independent directors in enhancing firm performance. Gender Diversity, however, was found to have no statistically significant impact on financial performance, suggesting that diversity alone may not translate into measurable financial outcomes without supportive policies and inclusive practices. The study concludes that effective corporate governance structures are critical in improving transparency, accountability, and financial performance in Nigeria's consumer goods sector.

The study recommends the adoption of policies that promote independent oversight, regular board meetings, optimal board size, and effective gender diversity practices to strengthen

governance and enhance firm performance. It further suggests that future research explore sector-specific governance effects and the role of organizational culture in moderating the relationship between governance and financial performance.

CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

In contemporary business environments, the relationship between corporate governance and financial performance has become increasingly pivotal. Effective corporate governance practices are essential for overseeing organizational strategies and operations, influencing financial performance and ensuring the sustainability of firms (Smith, 2019). Financial performance, serving as the dependent variable in this study, is crucial for assessing a company's profitability and ability to create stakeholder value, thereby reflecting its economic health and long-term viability. Studies highlight that robust governance practices can significantly reduce the cost of capital and contribute to the vibrancy of capital markets (Adeyemi et al., 2020).

Corporate governance is defined as the system of rules, practices, and processes by which companies are directed and controlled. It critically shapes organizational behaviour and outcomes (Davis & Kim, 2020). Key dimensions include the frequency of board meetings, board size, gender diversity, and the independence of board members, all of which collectively influence decision-making processes, risk management, and organizational performance (Johnson et al., 2021).

In Nigeria, where economic growth and corporate development are closely tied to regulatory compliance and governance standards, the adoption of sound governance practices assumes paramount importance (Okoye & Udegbonam, 2023). The Nigerian business environment, shaped by dynamic markets and regulatory reforms, underscores the need for companies to adhere to strong governance principles to manage risks effectively and optimize performance outcomes (Okafor & Onuoha, 2020).

The impact of corporate governance goes beyond regulatory compliance to affect strategic decision-making and firm outcomes. Board composition, particularly board size, gender diversity, and independence, plays a pivotal role in shaping governance effectiveness. Research indicates that boards with diverse perspectives and independent oversight mechanisms are better equipped to mitigate risks, stimulate innovation, and enhance long-term shareholder value (Adams & Ferreira, 2018).

Empirical studies reveal varying effects of corporate governance on financial performance across industries and economies. In developed economies, strong governance structures are linked to higher profitability, growth, and competitiveness (Mohamed et al., 2019). Conversely, weak governance structures often result in inefficiencies, ethical lapses, and financial mismanagement, eroding stakeholder trust and organizational integrity (Healy & Palepu, 2018).

Given these complexities, examining the relationship between corporate governance and financial performance among listed consumer goods firms in Nigeria is essential. This study

seeks to provide empirical insights into how governance mechanisms influence financial outcomes in this sector, thereby contributing to improved governance frameworks and performance strategies within the Nigerian business landscape.

1.2 Statement of the Problem

The effectiveness of corporate governance practices in enhancing financial performance remains a critical issue, particularly in the Nigerian consumer goods sector. This sector, vital to Nigeria's economic landscape, faces challenges such as insider abuses, weak board structures, and unaccounted drawings, which emphasize the need for robust governance frameworks (Oshim & Igwe, 2024).

Despite global recognition of the significance of corporate governance, empirical studies focusing specifically on consumer goods firms listed on the Nigerian Stock Exchange are limited. Most existing research examines governance-performance relationships in broader contexts, thereby overlooking the peculiar dynamics and challenges of consumer goods firms in Nigeria (Mohamed et al., 2019; Healy & Palepu, 2018).

The Nigerian consumer goods sector, which significantly contributes to national development, grapples with governance-related challenges such as regulatory compliance pressures, complex stakeholder structures, and inefficient board practices. These issues can hinder organizational performance and sustainability (Okoye & Udegbonam, 2023; Okafor & Onuoha, 2020).

To bridge this gap, the present study investigates how specific corporate governance attributes—board meetings, board size, gender diversity, and board independence—affect the financial performance of listed consumer goods firms in Nigeria (Davis & Kim, 2020; Johnson et al., 2021).

1.3 Research Questions

The study is guided by the following research questions:

- i. How does the frequency of board meetings influence firm performance in Nigeria?
- ii. What is the relationship between board size and firm performance in Nigeria?
- iii. Does gender diversity affect firm performance in Nigeria?
- iv. Does board independence affect firm performance in Nigeria?

1.4 Objectives of the Study

The broad objective of this study is to investigate the effect of corporate governance on the financial performance of listed consumer goods firms in Nigeria. The specific objectives are to:

- i. determine the effect of board meetings on firm performance;
- ii. ascertain the influence of board size on firm performance;
- iii. examine the effect of gender diversity on firm performance;
- iv. assess the impact of board independence on firm performance.

1.5 Research Hypotheses

To achieve the stated objectives and answer the research questions, the following hypotheses are formulated:

- **Objective 1 / Research Question 1:** To determine the effect of board meetings on firm performance.

H01: There is no significant relationship between the frequency of board meetings and the financial performance of listed consumer goods firms in Nigeria.

- **Objective 2 / Research Question 2:** To ascertain the influence of board size on firm performance.

H02: There is no significant relationship between board size and the financial performance of listed consumer goods firms in Nigeria.

- **Objective 3 / Research Question 3:** To examine the effect of gender diversity on firm performance.

H03: Gender diversity does not have a significant effect on the financial performance of listed consumer goods firms in Nigeria.

- **Objective 4 / Research Question 4:** To assess the impact of board independence on firm performance.

H04: Board independence does not have a significant effect on the financial performance of listed consumer goods firms in Nigeria.

1.6 Scope of the Study

This study focuses on the impact of corporate governance attributes on the financial performance of consumer goods companies listed on the Nigeria Exchange Group (NGX). Secondary data will be sourced from annual reports of selected companies covering a five-year period (2019–2023). The study population consists of the twenty-one consumer goods firms listed on the NGX as of 2023, including Bua Foods Plc, Cadbury Nigeria Plc, Champion Breweries Plc, Dangote Sugar Refinery Plc, DN Tyre & Rubber Plc, Flour Mills Nigeria Plc, Golden Guinea Breweries Plc, Guinness Nigeria Plc, Honeywell Flour Mills Plc, International Breweries Plc, McNichols Plc, Multi-Trex Integrated Foods Plc, N Nig. Flour Mills Plc, Nascon Allied Industries Plc, Nestle Nigeria Plc, Nigerian Breweries Plc, Nigerian Enamelware Plc, PZ Cussons Nigeria Plc, Unilever Nigeria Plc, Union Dicon Salt Plc, and Vitafoam Nigeria Plc.

The research specifically examines corporate governance variables—frequency of board meetings, board size, gender diversity, and board independence—and their influence on financial performance indicators such as earnings per share (EPS) and profitability ratios. A quantitative approach will be employed using statistical tools to analyze the data and test the hypotheses.

1.7 Significance of the Study

This study is significant to several stakeholders:

Academic Contribution: It enriches the literature on corporate governance and financial performance by providing empirical evidence from listed consumer goods firms in Nigeria. It addresses the gap in understanding how governance mechanisms affect performance in this specific sector.

Policy and Regulatory Insights: Findings can guide policymakers and regulators in strengthening corporate governance frameworks tailored to the consumer goods industry. This can foster market transparency, improve investor confidence, and enhance accountability.

Practical Implications for Firms: Listed consumer goods companies can leverage the findings to optimize board structures, improve decision-making, and enhance performance sustainability.

Investor Decision-Making: Investors, both local and international, can use the insights to make informed investment decisions, recognizing how governance practices shape financial performance.

Strategic Guidance for Management: Executives and board members can apply the study's findings to align governance practices with corporate goals, thereby driving long-term value creation and competitive advantage.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter provides an extensive review of the literature relevant to the current study. It encompasses a detailed analysis of literature concerning corporate governance and financial performance variables, incorporating a review of prior research, conceptual framework, and an exploration of the theoretical framework. Additionally, the chapter delves into empirical reviews derived from existing literature on the subject matter.

2.2 The Concept of Corporate Governance

Corporate governance has garnered significant research attention for over three decades. The definition of the term varies depending on the perspective of the individual defining it. For instance, an investor's understanding of corporate governance may differ from that of a company manager. According to Mayowa et al. (2021), corporate governance refers to corporate decision-making and control, particularly concerning the structure of the board and its working procedures. Similarly, Ololade and Balogun (2021) describe corporate governance as the arrangement between company managers and owners, specifically addressing how managers' report the company's financial health to its owners. Furthermore, Tanko and Kolawole (2010) assert that corporate governance is related to the development of share prices

and company performance, particularly when it generates substantial profit or increases its present value.

Building transparency, credibility, and accountability, alongside maintaining an effective disclosure channel, are essential for fostering the good performance of consumer companies under the framework of corporate governance. Studies have demonstrated a relationship between corporate governance and stakeholders' confidence. These companies are frequently regulated, which significantly influences the natural corporate governance mechanisms. The purpose of such regulation is to mitigate systematic risk within the system, though this may occasionally conflict with shareholders' goals and objectives.

Corporate governance has recently gained prominence from various perspectives, including those of professional bodies, regulators, and academics. The concept has become particularly relevant due to growing concerns about corporate scandals and financial reporting manipulation in both developed and emerging economies. Despite the various interpretations of corporate governance, there is a consensus among researchers and academics regarding its core principles. For example, Ueng (2016) describes corporate governance as the company's relationship with investors or, more broadly, with society. Zakaria et al. (2014) further define it as the sum of policies, processes, and information used to guide and oversee an organisation's management. The Organisation for Economic Co-operation and Development (OECD, 1999) describes corporate governance as a structure within which businesses are directed and

controlled. This structure delineates the division of competencies and duties among the involved parties, including the supervisory board, board of directors, management, and shareholders, and outlines the procedures for implementing decisions on corporate matters. Narrow interpretations of corporate governance focus on meeting shareholders' needs, while broader interpretations also consider the interests of other stakeholders, such as employees, customers, suppliers, and the government (Arouri et al., 2011).

Corporate governance can be viewed from various philosophical perspectives. For example, it can be seen from the viewpoint of shareholders, where the primary objective is to maximise value, or from an organisational standpoint, where it involves implementing controls to sustain business operations (Njekang & Afuge, 2017). Baxter (2014) distinguishes governance from management, noting that it involves setting the organisational agenda, engaging in executive action, and ensuring oversight and accountability. Consequently, corporate governance extends beyond the narrow confines of management and encompasses the systemic control, rules, and regulations governing corporations (Gillan & Starks, 2006).

Shleifer and Vishny (1997) emphasise that corporate governance focuses on how finance providers ensure they receive a return on their investments. In modern public companies, it is often challenging for principals to oversee corporate activities, leading them to delegate operations to agents. However, governance issues may arise in this setting due to conflicting interests, particularly if shareholders are dissatisfied with their return on investment. In the

absence of effective supervision and control, managers must balance the costs of monitoring and managing agents (agency costs) against the potential costs of negative managerial behaviour. Corporate governance issues thus emerge from the need to address agency problems (Zaman, 2015) and from shareholders' attempts to protect their resources from expropriation (Shleifer & Vishny, 1997).

Adams and Mehran (2012) define corporate governance as the collection of organisational and market-based structures that incentivise a company's controllers (those responsible for decision-making) to make choices that maximise the company's value to its shareholders (the capital providers). Effective corporate governance is crucial in any corporation, given the inherently selfish nature of individuals. This selfishness is a source of potential conflicts of interest between the agent (shareholders or investors) and the principal (company management). While principals aim to maximise their returns, company management seeks to satisfy both psychological and economic needs. Since principals cannot directly supervise the agent's daily activities or ensure the organisation operates in accordance with their wishes, conflicts may arise. Management transparency is one way to reduce this tension, which is closely linked to the evolution of corporate governance issues. Agents are expected to act in the principal's best interests, raising the importance of transparency in corporate governance practices.

2.2.1 Corporate Governance Mechanism

The following are the corporate governance characteristics to be studied: (i) Frequency of Board Meetings, (ii) Board Size, (iii) Gender Diversity, (iv) Board Independence.

2.2.1.1 Frequency of Board Meetings

The frequency of board meetings refers to how often the board of directors assembles to review and make decisions regarding the company's operations and governance. Regular meetings are generally believed to enhance board effectiveness by facilitating timely oversight and strategic adjustments. Frequent meetings ensure that board members remain engaged and well-informed about the company's ongoing activities, which can lead to more effective monitoring of management and quicker responses to emerging issues (Huse, 2007).

Research indicates that increased meeting frequency can improve the board's ability to address critical issues and adapt to changes (Ghosh, 2021). For example, boards that meet quarterly rather than annually may be better equipped to oversee financial performance and strategic initiatives, thereby improving overall firm performance. However, excessive meetings can lead to inefficiencies, where the board may focus too much on routine matters rather than on high-level strategic oversight. This could diminish the overall impact of board meetings on firm performance (Lipton & Lorsch, 1992).

Additionally, the optimal frequency of board meetings may vary depending on the company's size, industry, and specific challenges. For instance, high-growth firms or those in rapidly

changing industries might benefit from more frequent meetings to ensure agile decision-making and effective governance (Zahra & Pearce, 1989).

2.2.1.2 Board Size

Board size refers to the total number of directors serving on a board. A larger board is often assumed to provide diverse perspectives and a range of expertise, which can theoretically enhance decision-making and oversight. For instance, a board with diverse skills and experiences may be better equipped to tackle complex strategic issues and provide comprehensive oversight (Adams & Ferreira, 2009).

However, evidence suggests that larger boards may encounter challenges related to coordination and communication, which can hinder their effectiveness. The complexity of interactions in larger boards can lead to delays in decision-making and reduced accountability, ultimately impacting firm performance negatively (Jensen, 1993; Yermack, 1996). Research also indicates that very large boards might struggle with cohesion and efficiency, as the increased number of members can complicate consensus-building and lead to decision-making paralysis (Fama & Jensen, 1983).

Smaller boards, in contrast, tend to be more cohesive and efficient in their monitoring functions. They often facilitate more direct communication and faster decision-making, though they might lack the breadth of expertise found in larger boards (Rashid, 2011). Optimal board size

may therefore depend on balancing the benefits of diverse expertise with the need for efficient decision-making and governance.

2.2.1.3 Gender Diversity

Board gender diversity pertains to the representation of female directors on the board. Greater gender diversity is associated with various benefits, including enhanced decision-making and risk management due to diverse perspectives. Studies suggest that female directors often bring different viewpoints and a more cautious approach to decision-making, which can positively influence board dynamics and corporate governance (Bear et al., 2010).

The impact of gender diversity on firm performance can vary depending on the context and the industry. For example, some research indicates that increased female representation can lead to improved financial performance and corporate reputation (Price, 2012). Diverse boards are often seen as more inclusive and capable of addressing a broader range of stakeholder interests, which can enhance the company's public image and stakeholder trust (Campbell & Mínguez-Vera, 2008). However, the effectiveness of gender diversity can be moderated by other factors such as the organizational culture and the overall inclusivity of the board (Terjesen et al., 2009).

2.2.1.4 Board Independence

Board independence refers to the proportion of non-executive and independent directors on the board. Independent directors are crucial for reducing conflicts of interest and ensuring effective oversight of management. They are expected to provide objective judgment and enhance the

board's ability to monitor management effectively (Chaganti et al., 1985; Kakabadse, Yang, & Sanders, 2010).

The presence of independent directors can contribute to better governance and potentially improve firm performance by ensuring that management decisions are aligned with shareholder interests. For example, independent directors are often involved in key decisions related to executive compensation, financial reporting, and strategic direction, which can lead to more balanced and effective decision-making (Bhagat & Bolton, 2008).

However, the effectiveness of independent directors can be influenced by factors such as their actual level of independence and the dynamics of the board. For instance, independent directors who lack industry-specific expertise or who are not adequately integrated into the board's decision-making processes may have limited impact on governance outcomes (Klein, 2002). Furthermore, the real-world effectiveness of independent directors can vary depending on the regulatory environment and the extent to which independence is genuinely practiced rather than merely symbolic.

2.3 The Concept of Financial Performance

Financial measures of firm performance illustrate the key aspects of business success that assist decision-makers in evaluating how effectively a company is maximizing shareholder wealth. These measures are grounded in the disciplines of accounting, financial management, and economics and involve evaluating factors such as profits, sales growth, revenues, and return on investment (ROI). Profitability and growth metrics are commonly used to assess a firm's financial performance. Profitability reflects a firm's historical ability to generate returns, while growth indicates its past capacity to expand in size. An increase in size, even with constant profitability, leads to greater cash flow and absolute profit. Moreover, a larger size can result in economies of scale and increased market power, which contribute to future profitability (Abdullahi et al., 2021). Buallay et al. (2017) assessed firm performance using return on equity, return on assets, and Tobin's Q.

Dankaka et al. (2022) emphasized that financial performance is a crucial concept representing how efficiently a firm's financial resources are utilized to achieve its overarching goals. It is a metric used to evaluate a company's ability to leverage its assets to enhance turnover and, ultimately, boost revenue. Ariyibi et al. (2021) described financial performance as a subjective measure of a firm's accountability, based on its operations and activities over a specified period, expressed in financial terms. They also suggested that financial performance can be evaluated using metrics such as liquidity ratio, financial efficiency ratio, profitability ratio, and average debt-collection period. Oziegbe and Ogbodo (2021) measured firm performance using return

on assets, calculated as profit after tax divided by total assets. In his research, Awodiran (2019) represented financial performance with return on equity. Ferrer and Banderlipe (2012) measured firm performance in terms of the firm's share price and return on equity. Qureshi and Mahmood (2018) used return on assets and net profit ratio as indicators of financial performance. Below are key financial performance metrics, crucial for assessing a company's profitability:

2.3.1 Return on Assets (ROA)

Return on assets is an indicator of how profitable a company is or how efficient the management is at using its assets to generate earnings (Marashdeh, 2014). The value could be found as Profit after tax divided by total assets (Kipkoech & Rono, 2016).

2.3.2 Return on Equity (ROE)

This measure, Return on Equity (ROE) represents the overall financial strength and profitability of a firm, and the earnings which is generated from the investment of shareholders in a firm's equity. Return on equity denotes the profitability of shareholders of the firm after meeting all expenses and taxes (Dankaka et al., 2022).

2.3.3 Earnings per share

Earnings per share (EPS), represents the total earnings that is attributable to each unit of a company's ordinary shares. Its value is computed as profit after tax less preference dividend, divided by the number of ordinary shares. A good EPS shows greater corporate value and

earnings quality given that investors will pay more for the shares of a company if they perceive that their earnings capacity will increase relative to the share price in the future (Nangih et al., (2022).

2.3.4 Net Assets per share

This measure is usually employed in identifying potential investment opportunities with respect to mutual funds and indexes. Net assets per share can be used to view the holdings in a portfolio. It is the basic computation found as $\text{Total assets} - \text{Total liabilities} = \text{Net assets}$; divided by total number of shares.

2.3.5 Profit Margin

This is computed as Profit after tax divided by turnover. Profit margins are employed by lenders, investors, and even the firms themselves, as a financial health indicator of a company, its growth potential, and its management's skill. Profit margin figures are not same for all businesses, they vary by industry sector. The use of only financial performance to present organizational performance has however been criticized as it has been found insufficient for effective business management, especially in the present rapidly evolving and competitive markets. Given the reality that companies are constantly being challenged with increasing expectations from its various stakeholders, the need to consider other non-financial measures of firm performance becomes evident. A major criticism of financial measures of performance is that it does not convey the full picture as it presents only a little indication of how

performance was achieved or can be improved. It is therefore considered to be of limited benefit since it does not explain the drivers of long-term success and maximization of shareholders wealth which includes drivers such as customer satisfaction, ability to innovate, service or product quality, amongst others. Certain arguments however, suggest that financial performance is most often the consequence of changes in non-financial factors (Kaplan & Norton, 1996).

The financial method has also been criticized as regards its short termism and internal focus. It has been argued by scholars that linking employee rewards to financial performance may tempt managers to make decisions that will improve the short-term financial performance but may jeopardize long-term profitability. Another drawback of the financial measures is the tendency of manipulation as managers may be tempted to manipulate results so as to achieve a financial performance target. The financial method is also considered to be historical as it usually shows what has already occurred and is termed the backward looking method. It is therefore not a sufficient method of measuring firm performance in today's dynamic business environment. Attention of researchers has therefore been focused on some non-financial measures that are capable of measuring multiple attributes of a firm so as to compliment financial measures.

2.4 Review of Literature on Variables

This study investigates the relationship between two variables: the dependent variable, financial performance, and the independent variables: Frequency of Board Meetings, Board Size, Gender Diversity, and Board Independence.

2.4.1 Frequency of Board Meetings and Financial Performance

The frequency of board meetings is a critical aspect of corporate governance that influences financial performance. Regular board meetings allow directors to effectively oversee management decisions, monitor company performance, and address potential issues in a timely manner. According to Agyemang and Castellini (2019), frequent meetings improve the board's ability to provide strategic direction and enhance transparency in decision-making processes, ultimately leading to better financial outcomes.

However, while increased meeting frequency can contribute to improved oversight, it may also lead to diminishing returns if not managed properly. Excessive meetings can become a mere formality, where routine discussions overshadow strategic deliberations. This concern is highlighted by Ahmed et al. (2021), who argue that while more frequent meetings can enhance board effectiveness, the quality of those meetings is crucial for them to positively impact financial performance.

Recent studies have also examined the relationship between board meeting frequency and various financial performance metrics. For example, Emeka-Nwokeji et al. (2020) found a

positive correlation between the number of board meetings and Return on Assets (ROA) in Nigerian firms, suggesting that more frequent meetings are associated with better financial health. Similarly, Ntim (2018) emphasized that regular board meetings serve as a mechanism for aligning management actions with shareholders' interests, which in turn can enhance firm performance.

Overall, while the frequency of board meetings is an important governance tool, its effectiveness in enhancing financial performance largely depends on the quality and focus of the meetings. Boards that strike the right balance between frequency and effectiveness are more likely to contribute positively to a firm's financial success.

2.4.2 Board Size and Financial Performance

Board size refers to the aggregate number of directors making up the board. Various researchers have argued that large boards tend to create room for skills-diversity which can positively affect the performance of firms. Large boards also have access to information from a very wide range which is beneficial to the firm. Through establishment of committees, they delegate workloads thereby achieving efficiency (Oziegbe & Ogbodo, 2021). Nangih et al. (2022) in their study, found that there is a negative and insignificant relationship between board size and firm performance when using in the earnings per share as the performance indicator; but the study also showed that there is a negative and significant relationship between the board size and

performance when using net assets per share as the indicator of performance of quoted Nigerian consumer and industrial goods companies.

Similarly, the work of Awodiram (2019) showed that board size has a significant negative effect on financial performance of consumer goods. In Oziegbe and Ogbodo (2021), it was found that board size has a negative and insignificant impact on firm performance of quoted Nigerian banks. The work of Ferrer and Banderlipe (2012) revealed also that board size has a negative and insignificant relationship with return on equity of listed property companies in the Philippines. On the contrary, the study of Nwonyuku (2016) revealed that the size of the board of directors has a positive relationship with profitability of food and beverages firms. Ariyibi et al. (2021) found that board size has a positive significant effect on the return on sales of listed Nigerian consumer goods companies. Unconventionally, the work of Qureshi and Mahmood (2018) stated that the performance of firms does not seem to be dependent on board size. Given these mixed findings, this present study will reassess the relationship between board size and firm performance.

2.4.3 Gender Diversity and Financial Performance

Gender diversity on boards of directors has become a focal point in discussions about corporate governance and financial performance. Gender-diverse boards are believed to bring a range of perspectives and skills that enhance decision-making and improve firm performance. Recent

research has highlighted the significant impact that gender diversity can have on various financial metrics.

A study by Huang and Kisgen (2018) found that gender-diverse boards are positively associated with improved financial performance, including higher Return on Assets (ROA) and Return on Equity (ROE). The authors suggest that the inclusion of women on boards brings diverse viewpoints that can lead to more innovative and effective strategies, ultimately benefiting the firm's financial outcomes.

Similarly, the research by Post and Byron (2019) indicates that gender diversity on boards can improve financial performance by enhancing problem-solving capabilities and reducing groupthink. They argue that diverse boards are better equipped to address complex business challenges and adapt to changing market conditions, which contributes to superior financial performance.

On the other hand, some studies have raised concerns about the effectiveness of gender diversity in enhancing financial performance. For instance, Adams and Ferreira (2020) found mixed results regarding the impact of gender diversity on financial performance. Their study suggests that while gender-diverse boards may improve governance and decision-making processes, the direct correlation with financial performance is not always consistent across different industries and regions.

Overall, the evidence suggests that while gender diversity on boards can positively influence financial performance, the extent of its impact may vary depending on various factors, including industry context and the specific composition of the board. Firms that actively promote and manage gender diversity are likely to experience enhanced performance through improved governance and strategic decision-making.

2.4.4 Board Independence and Financial Performance

Board independence, as described in this study, refers to the proportion of independent non-executive directors (NEDs) to the total number of directors on the board. These independent directors, not employed by the firm, leverage their professional experience to provide strategic and operational advice to top management. Their presence acts as a mediator between top management and executive directors, serving to supervise the activities of the latter (Oziegbe & Ogbodo, 2021). In Awodiran's research (2019), it was discovered that board composition positively and significantly affects financial performance, indicating that an increase in the number of non-executive directors on the board enhances financial performance. Conversely, Oziegbe and Ogbodo's findings (2021) showed that while the effect of board independence on performance (ROA) is positive, it is statistically insignificant.

In contrast, Ariyibi et al.'s study (2021) uncovered a negative and insignificant effect of board independence on the return on sales of listed Nigerian consumer goods companies. Additionally, Nwonyuku's research (2016) found mixed results regarding the association

between board composition and profitability, indicating that the relationship between board composition and profitability in Nigerian food and beverages firms is inconclusive.

2.5 Theoretical Review

The present study is theoretically grounded in the stewardship theory, the stakeholder's theory, resource dependency-theory, and agency theory.

2.5.1 Agency Theory

The theory you are referring to is indeed the agency theory, initially proposed by Jensen and Meckling in 1976. This theory provides a framework for understanding the dynamics of corporate governance, particularly in relation to the separation of ownership and control within organizations. At its core, the agency theory addresses the agency problem that arises when the interests of shareholders (principals) diverge from those of managers (agents) who are entrusted with making decisions on behalf of the shareholders. The inherent conflict of interest stems from the fact that managers may prioritize their own self-interests over those of the shareholders, leading to potential agency costs and inefficiencies within the organization. The theoretical foundation of agency theory attributes agency problems to two key factors. Firstly, it acknowledges that organizations are comprised of humanistic systems involving managers and shareholders, each with their own intrinsic interests in the entity. Secondly, agency problems arise due to the divergent and potentially conflicting interests of various stakeholders, both internal (e.g., managers, employees) and external (e.g., creditors, suppliers, customers) to

the company. In addressing the agency problem, the board of directors assumes a critical role as the fiduciaries entrusted with safeguarding the interests of shareholders. The board serves as the intermediary between shareholders and management, overseeing the actions of management and ensuring alignment with shareholder interests. This oversight role involves ratifying policies and decisions made by management, as well as monitoring the implementation of these decisions to mitigate agency costs and promote organizational performance. Furthermore, agency theory emphasizes the internal benefits of the firm, whereby effective governance mechanisms can lead to enhanced firm performance, value creation, and shareholder wealth maximization. By aligning the interests of managers with those of shareholders and minimizing agency costs, organizations can strive to achieve their strategic objectives and create value for all stakeholders involved.

In summary, agency theory provides a theoretical framework for understanding the dynamics of corporate governance and addressing the agency problem inherent in organizations. By recognizing the divergent interests of stakeholders and implementing governance mechanisms to mitigate agency costs, organizations can enhance their performance and ensure accountability to shareholders.

2.5.2 The Stakeholders' Theory

The stakeholder theory, as elucidated by Dr. F. Edward Freeman, offers valuable insights into the relationship between corporate governance and firm performance, particularly by

emphasizing the importance of considering the interests of all stakeholders in organizational decision-making processes (Ariyibi et al., 2021). In essence, the stakeholder theory posits that a company's success is contingent upon its ability to effectively manage and address the needs and concerns of all its stakeholders, both internal and external, rather than focusing solely on maximizing shareholder wealth. Stakeholders encompass a wide range of individuals and entities, including employees, customers, suppliers, communities, and investors, among others. A fundamental aspect of the stakeholder theory involves identifying and understanding the unique internal and external environment of a firm, which encompasses its various stakeholders. This entails recognizing the diverse interests, expectations, and relationships that exist among stakeholders and their respective impact on the organization's operations, strategies, and outcomes. By adopting a stakeholder-oriented approach to corporate governance, companies can enhance their long-term sustainability and performance by fostering trust, collaboration, and mutual value creation among stakeholders. This involves actively engaging with stakeholders, soliciting their input, and incorporating their perspectives into decision-making processes to ensure alignment with broader organizational objectives and societal expectations. Ariyibi et al. (2021) assert that stakeholders indeed play a vital role in a firm's endeavors to achieve its corporate objectives and goals. Therefore, corporate governance practices should prioritize stakeholder interests and consider their impact on firm performance metrics such as profitability, reputation, and social responsibility.

In summary, the stakeholder theory underscores the interconnectedness between corporate governance, stakeholder management, and firm performance. By embracing a stakeholder-oriented approach, companies can navigate complex business environments, build resilient relationships, and drive sustainable value creation for all stakeholders involved.

2.5.3 The Resource Dependency Theory

This theory is based on the principle that an organization must engage in transactions with other organizations and individuals within its environment so as to acquire resources. These transactions may be advantageous but may also create dependencies which could become disadvantageous. To avoid such dependencies, entities set up structures such as corporate governance in order to enhance their bargaining position in those resource-related transactions.

Resource dependence theory is a significant management concept that links organizational strategy to external environmental factors. This theory views corporations as open systems that rely on external contingencies. Research on boards of directors has found resource dependence theory to be a useful framework for understanding and analyzing board functions. According to Pfeffer and Salancik (2003), directors contribute four key advantages to organizations: (a) providing information through advice and guidance, (b) facilitating access to information channels between the firm and its external environment, (c) granting preferential access to essential resources, and (d) enhancing the firm's legitimacy. Hillman et al. (2000) categorize

these contributions into director types: business experts, insiders, community influencers, and support specialists, based on the resources they bring to a firm.

Expanding on resource dependence theory, Hillman et al. (2000) suggest that a more diverse board offers a valuable array of resources that can lead to improved economic performance. The theory provides several reasons to support board diversity. For example, diverse directors can act as connectors to critical external constituencies, thereby increasing access to talent. They also possess unique information that can enhance the board's advisory role to management and contribute to better decision-making. Furthermore, board diversity can send positive signals to both product and labor markets. Diverse directors, who are often neither insiders nor business experts, may introduce varied perspectives and innovative approaches to challenges. While earlier studies on board diversity within the context of resource dependence theory explored gender and ethnicity as distinct dimensions, more recent research, such as that by Garcia-Sanchez and Martínez-Ferrero (2019), focuses specifically on gender's impact on economic outcomes.

2.5.4 Stewardship Theory

Donaldson and Davis (1989) introduced stewardship theory as a normative counterpart to agency theory. Fundamentally, stewardship theory posits that managers, when given autonomy, will act responsibly as custodians of the organization's assets, striving to maximize shareholder

returns and profitability. Intrinsic values such as trust and a sense of accomplishment serve as primary motivators for business managers within this framework.

The foundational theory guiding this study is agency theory, as it underscores the principal-agent relationship between management and shareholders. Due to the potential for goal misalignment and information disparities, the functions and responsibilities of corporate governance and its characteristics are crucial in validating management decisions.

2.6 Empirical Review

There are several previous empirical review investigations on the effect of corporate governance on performance of quoted consumer companies in developed and developing countries. Some of these studies are reviewed below with a view to observing the trends of the gaps and the findings in literature.

Empirical Review

Mayowa et al. (2021) examined the effect of corporate governance on firm performance using accounting-based measures, with a particular focus on cash flows and inflows from the income statement. The study sampled selected consumer goods companies in Nigeria and assessed the role of board size and independence. Findings revealed that board size had a positive and significant effect on return on sales, while both board size and board independence positively influenced profit margin. However, the study also highlighted that both variables exerted a negative and significant effect on operating cash flow. This outcome demonstrates the dual role

of governance mechanisms: while they may enhance profitability ratios, they could simultaneously impose bureaucratic inefficiencies that weaken cash flow generation. Mayowa et al. therefore recommended that organisations carefully manage board size, as it significantly affects turnover and overall performance.

Ololade et al. (2021) investigated the impact of corporate governance on financial performance among consumer goods firms listed in Nigeria between 2015 and 2019. Employing an ex-post facto research design and secondary data analysis, they operationalized governance through board size, board independence, gender diversity, and board meetings, while using return on assets (ROA) as the proxy for financial performance. Their findings suggested that governance mechanisms collectively and individually shape firm performance. However, the reliance on a single measure of financial performance (ROA) was a limitation, as profitability and shareholder value could be better captured through multiple indicators. Compared with Mayowa et al. (2021), who found contradictory outcomes across profitability and cash flow, Ololade et al. (2021) reinforced the notion that governance variables are influential but may reflect differently depending on the financial metrics applied.

Awodiran (2019) extended the discussion by analysing the effect of corporate governance on consumer goods firms in Nigeria over a longer horizon of ten years (2008–2017). The study employed both descriptive and inferential statistics and used a sample of 16 firms. Findings confirmed that governance structures significantly influenced firm performance, though the

effects varied depending on the governance variable and the financial indicator used. Unlike Mayowa et al. (2021), who identified negative outcomes for operating cash flow, Awodiran found governance variables to be generally performance-enhancing in the long run. This highlights the **time dimension** in governance studies, suggesting that some benefits of governance reforms may materialize more clearly over extended periods.

Joshua et al. (2019) focused on the banking sector in Nigeria and assessed the relationship between corporate governance and financial performance from 2007 to 2016. The study drew on agency theory and resource dependency theory, analysing the influence of board composition, board size, and audit committees on return on assets. Using correlation and pooled regression analysis, results showed that board composition and audit committees had a significant positive effect on performance, while board size had only an insignificant positive relationship. The study concluded that an optimal board size of about 14 members, combining executive and non-executive directors with relevant expertise, would be most effective. Unlike consumer goods firms, where board size seems to play a stronger role (Mayowa et al., 2021; Ololade et al., 2021), Joshua et al. (2019) found its impact minimal in banks, implying that industry-specific contexts **moderate governance-performance relationships**.

Taken together, these studies demonstrate that while corporate governance mechanisms generally matter for financial performance, their effects are neither uniform nor consistent across contexts, time periods, and performance measures. Board size, for instance, has been

found to be both positively (Mayowa et al., 2021; Ololade et al., 2021) and insignificantly (Joshua et al., 2019) related to performance, while in some cases even negatively linked to operational efficiency (Mayowa et al., 2021). Board independence also shows mixed outcomes, enhancing profitability in some studies but constraining operational cash flow in others. These contradictions point to the importance of studying governance-performance relationships within specific sectors and timeframes.

Gideon et al. (2019) conducted a study to examine the relationship between corporate governance and financial performance in Nigeria. The study specifically assessed the impact of board size, board activism, and committee activism on return on assets (ROA), using data from multinational firms between 2012 and 2016. Corporate governance variables included board size, board activism (proxied by the frequency of board meetings), and committee activism, while financial performance was measured by ROA. Employing descriptive statistics, correlation, and panel regression analysis, the study found that board size had a significant negative effect on ROA, indicating that larger boards reduced firm efficiency. Similarly, board activism negatively influenced ROA, suggesting that frequent meetings do not necessarily enhance decision-making quality. In contrast, committee activism exerted a positive effect, reinforcing the role of specialized committees in improving oversight and governance. The study concluded that corporate governance had a predominantly negative influence on ROA in Nigeria and recommended prioritizing the effectiveness and quality of governance practices over mere quantitative metrics such as board size or meeting frequency. While the study offers

valuable insights, its limitation lies in the reliance on only multinational firms, which may not reflect governance dynamics in domestic firms.

Korolo (2023) examined the relationship between corporate governance attributes and financial performance among listed industrial goods companies in Nigeria between 2018 and 2022. The study considered governance attributes such as board size, board composition, and board committees. Using an ex-post facto design and panel least squares regression, secondary data were obtained from annual reports of sampled firms. Findings revealed that board size did not significantly impact ROA, implying that increasing or reducing board membership alone may not directly enhance financial outcomes. However, board composition had a significant positive influence, showing that the inclusion of qualified and independent members strengthens decision-making and oversight functions. Interestingly, board committees were not found to significantly influence ROA, contrary to the positive role observed in Gideon et al. (2019). The study concluded that governance structures do play a role in enhancing performance, particularly through board composition, and recommended regulatory improvements to strengthen board independence and composition. A key limitation of this study, however, was its focus on a single sector (industrial goods), which may reduce the generalizability of findings across industries.

Jonah (2023) defined corporate governance as the system through which companies are directed and controlled by responsible stakeholders and sought to explore its influence on

financial performance in listed industrial goods companies in Nigeria. The study analysed data from eleven firms over eleven years (2009–2019), adopting an ex-post facto design with multiple regression and Pearson’s correlation. Results showed a strong positive correlation between corporate governance and financial performance, particularly emphasizing that board size, board composition, and the competence of board members significantly improved net profit margin. This finding contrasts with Gideon et al. (2019), who found larger boards detrimental, and aligns partially with Korolo (2023), who highlighted the positive effect of board composition. Jonah (2023) further recommended that external auditors issue certificates of compliance with governance codes, similar to practices in India, and proposed the adoption of regular appraisal tools for monitoring board activities. The study’s strength lies in its longer time horizon, which offers richer insights into governance dynamics over time, though its limitation was the reliance on convenience sampling, which may have introduced selection bias.

CHAPTER THREE

METHODOLOGY

3.1 Introduction to the Chapter

This chapter outlines the methodology adopted to investigate the relationship between corporate governance and firm performance in listed consumer goods firms in Nigeria. It describes the research design, population, sample size, data sources, variables, and methods of data analysis. The chapter also presents the model specification and discusses how validity, reliability, assumptions, and ethical considerations were ensured. The adopted framework is intended to ensure that the findings are objective, reliable, and capable of addressing the research questions and hypotheses presented in Chapter One.

3.2 Research Design

The study adopts an ex-post facto research design, as it relies on historical data extracted from annual reports of selected firms. This design is appropriate because the variables under investigation—corporate governance attributes and firm performance—already exist and cannot be manipulated by the researcher. It thus allows for an empirical assessment of the relationship between governance mechanisms and firm performance over the period 2019–2023.

3.3 Population of the Study

The population of the study comprises all twenty-one (21) consumer goods firms listed on the Nigerian Exchange Group (NGX) as of December 31, 2023. These firms were chosen because they are legally required to disclose corporate governance information in their annual reports and because the sector plays a significant role in Nigeria's economic development.

3.4 Sample Size and Sampling Technique

A purposive sampling technique was adopted in this study to select firms that consistently published annual reports with comprehensive governance and financial data for the period covering 2019 to 2023. Firms with incomplete or missing data were excluded to ensure accuracy and reliability in the analysis. The final sample consists of ten firms, representing nearly half of the listed consumer goods firms in Nigeria. Although the number is smaller than the total population, the sample is considered adequate for the study because, over the five-year period, it generates fifty firm-year observations, which provides sufficient variability for robust panel regression analysis. Furthermore, the selected firms were identified as the most consistent in disclosure practices, thereby strengthening the validity of the dataset. This approach aligns with prior Nigerian corporate governance studies, such as those by Awodiran (2019) and Joshua et al. (2019), which also relied on similar or even smaller samples while still producing valid empirical insights. Thus, the use of the ten-firm sample strikes an appropriate balance between data availability and statistical robustness, making it suitable for the objectives of this research.

3.5 Sources of Data

The study employs secondary data, obtained from audited annual reports of the sampled firms, corporate governance disclosures, and NGX filings. Where necessary, supplementary information was sourced from company websites and other regulatory documents.

3.6 Method of Data Collection

Data collection involved manually extracting relevant corporate governance and financial performance information from the annual reports of the selected firms. Governance variables were recorded from corporate governance reports, while financial performance data were obtained from audited financial statements.

3.7 Model Specification

The regression model is adapted from prior empirical studies on corporate governance and firm performance (Adams and Ferreira, 2018; Mohamed et al., 2019):

$$FP = \beta_0 + \beta_1 BMT + \beta_2 BS + \beta_3 GD + \beta_4 BI + \epsilon_i$$

Where:

- FP= Firm performance (Earnings per Share, Return on Assets, Return on Equity) of firm
- BMT= Number of board meetings held annually

- BS= Board size (total directors)
- GD= Gender diversity (proportion of female directors)
- BI= Board independence (proportion of independent directors)
- β_0 = Constant term
- $\beta_1 \dots \beta_4$ = Coefficients of explanatory variables
- ϵ_{it} = Error term

This model allows the study to estimate the extent to which governance mechanisms influence firm performance while accounting for firm-specific and temporal effects.

3.8 Assumptions of the Regression Model

To ensure the validity of the regression estimates, several key assumptions will be tested. First, the assumption of linearity will be examined, as the model presumes a linear relationship between the independent and dependent variables. This will be assessed using scatterplots and fitted value plots. Second, the issue of multicollinearity will be addressed by applying the Variance Inflation Factor (VIF) to detect any high correlations among the explanatory variables that could distort the results. Third, the assumption of homoscedasticity will be tested through residual plots and the Breusch–Pagan test to confirm that the error terms maintain a constant variance across observations. Fourth, the presence of autocorrelation will be investigated using

the Durbin–Watson statistic to ensure that residuals are not serially correlated. Finally, the model accounts for potential endogeneity concerns by utilizing firm-level panel data and applying either fixed or random effects, thereby reducing the risk of omitted variable bias and strengthening the reliability of the findings.

3.9 Operationalization of Variables

Variable	Type	Measurement/Indicator	Expected Relationship
Firm Performance (FP)	Dependent	- ROA: $\text{Net income} \div \text{Total assets}$ - EPS: $\text{Net profit} \div \text{No. of shares}$ - ROE: $\text{Net income} \div \text{Shareholders' equity}$	–
Board Meetings (BMT)	Independent	Number of board meetings held annually	Positive (+)
Board Size (BS)	Independent	Total number of directors on the board	Positive/Negative (\pm)
Gender Diversity (GD)	Independent	Proportion of female directors on the board (%)	Positive (+)

Board Independence (BI)	Independent	Proportion of independent directors on the board (%)	Positive (+)
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Authors compilations 2025

3.10 Method of Data Analysis

The data for this study will be analyzed using panel regression techniques with the aid of EViews 13. The analysis will begin with descriptive statistics, which will summarize the characteristics of the dataset by presenting the mean, standard deviation, minimum, and maximum values of the variables. This will provide an overview of the distribution and variability of the data. Next, correlation analysis will be conducted to examine the strength and direction of the relationships between the variables and to identify potential issues of multicollinearity. Following this, panel regression models will be estimated using both the Fixed Effects Model (FEM) and the Random Effects Model (REM) to capture variations across firms and over time. To determine the more appropriate specification between the two models, the Hausman test will be employed. This systematic approach ensures that the research hypotheses are empirically tested and that the results obtained are both reliable and robust.

3.11 Ethical Considerations

Although the study relies on secondary data, ethical issues remain relevant. The following measures were observed:

- **Confidentiality:** All data were sourced from publicly available reports; no unpublished or sensitive firm data were accessed.
- **Integrity:** Data extraction and analysis were carried out with accuracy, avoiding manipulation or misrepresentation.
- **Proper citation:** Sources of data (annual reports, NGX filings, prior studies) are duly acknowledged.
- **Transparency:** Analytical procedures are clearly described to allow replication by other researchers.

These steps ensure that the study upholds the standards of academic integrity and ethical research practice.

CHAPTER FOUR

DATA PRESENTATION AND ANALYSIS

4.1 Introduction

This chapter presents the analysis of data extracted from the audited annual reports of twenty (20) quoted consumer goods companies listed on the Nigerian Exchange Group (NGX) as of 31st December, 2023. The study covers a period of five (5) years, from 2019 to 2023, with a total of 100 observations. The research model examines financial performance, represented by Earnings Per Share (EPS), as the dependent variable, while corporate governance attributes—Frequency of Board Meetings, Board Size, Gender Diversity, and Board Independence—serve as the independent variables.

4.2 Presentation of Results

The data analysis was conducted using descriptive statistics and correlation analysis. The hypotheses were tested using the Panel Least Square (PLS) regression method, executed within the E-views 13.0 econometric software. The presentation of the findings involves three parts: initially, the descriptive statistics are presented, followed by the correlation analysis, and concluding with the analysis of the ordinary least squares regression results.

Table 4.1: Descriptive Statistics

	EPS	FBM	BSZ	GD	BIND
Mean	4.970900	8.170000	10.61000	0.304800	0.379700
Median	5.190000	8.000000	11.00000	0.300000	0.390000
Maximum	7.980000	10.00000	15.00000	0.490000	0.590000
Minimum	2.010000	6.000000	7.000000	0.100000	0.200000
Std. Dev.	1.706480	1.463737	2.711349	0.116753	0.111187
Skewness	-0.046899	-0.121934	0.086812	-0.074044	0.061866
Kurtosis	1.893303	1.653122	1.741133	1.818475	1.941916
Jarque-Bera	5.139905	7.806464	6.728717	5.908050	4.728545
Probability	0.076539	0.020177	0.034584	0.052129	0.094018
Sum	497.0900	817.0000	1061.000	30.48000	37.97000
Sum Sq. Dev.	288.2952	212.1100	727.7900	1.349496	1.223891
Observations	100	100	100	100	100

Source: Researcher's Computation using E-view 13 Output, (2024)

Table 4.1 presents the descriptive statistics for the variables analysed. The mean Earnings Per Share (EPS) is 4.97, with a median of 5.19, indicating a relatively symmetrical distribution.

The slightly negative skewness (-0.047) and kurtosis (1.893) suggest a flatter and slightly left-skewed distribution, while the Jarque-Bera statistic of 5.14 ($p = 0.077$) indicates no significant deviation from normality. The mean Frequency of Board Meetings (FBM) is 8.17, with a median of 8.0, and a slightly left-skewed (-0.122) and flat distribution (kurtosis = 1.653); however, the Jarque-Bera test (7.81, $p = 0.020$) suggests some deviation from normality. Board Size (BSZ) has a mean of 10.61 and a standard deviation of 2.71, with a nearly symmetrical distribution (skewness = 0.087) and minor normality issues (Jarque-Bera = 6.73, $p = 0.035$). Gender Diversity (GD) averages 30.48%, with moderate variability (SD = 11.68%), a slightly left-skewed distribution (-0.074), and minor deviations from normality (Jarque-Bera = 5.91, $p = 0.052$). Board Independence (BIND) averages 37.97%, with moderate variability (SD = 11.12%), a nearly symmetrical distribution (skewness = 0.062, kurtosis = 1.942), and no significant departure from normality (Jarque-Bera = 4.73, $p = 0.094$). These statistics provide insights into the distribution and variability of corporate governance attributes and financial performance among the sampled consumer goods companies in Nigeria.

Table 4.2: Correlation Matrix

Covariance Analysis: Ordinary

Date: 01/14/25 Time: 00:19

Sample: 2019 2023

Included observations: 100

Correlation	EPS	FBM	BSZ	GD	BIND
EPS	1.000000				
FBM	0.006975	1.000000			
BSZ	0.042713	-0.031484	1.000000		
GD	-0.182881	-0.105895	0.119888	1.000000	
BIND	-0.009352	-0.001545	-0.031888	0.152000	1.000000

Source: Researcher's Computation using E-view 13 Output, (2024)

The correlation matrix examines the relationships between the variables: Earnings Per Share (EPS), Frequency of Board Meetings (FBM), Board Size (BSZ), Gender Diversity (GD), and Board Independence (BIND). The correlation coefficients range from -1 to 1, indicating the strength and direction of the relationships. The correlation between EPS and FBM is very weak (0.007), suggesting no meaningful linear association between earnings performance and board meeting frequency. Similarly, the correlation between EPS and BSZ (0.043) indicates a negligible positive relationship, while the correlation between EPS and GD (-0.183) suggests a weak negative relationship, implying that higher gender diversity might slightly associate with lower EPS. The correlation between EPS and BIND is also very weak (-0.009), showing no significant relationship.

Examining the relationships among the independent variables, the correlations are generally weak. FBM and BSZ have a weak negative correlation (-0.031), and GD has weak relationships

with BSZ (0.120) and FBM (-0.106). The strongest correlation is between GD and BIND (0.152), indicating a weak positive relationship. Overall, the correlation matrix suggests limited linear associations among the variables, implying that multicollinearity is unlikely to pose a significant concern in the regression analysis.

Table 4.3: Variance Inflation Factors

Variance Inflation Factors

Date: 01/14/25 Time: 01:46

Sample: 2019 2023

Included observations: 100

Variable	Uncentere		
	Coefficient d		Centered
	Variance	VIF	VIF
C	1.959878	67.15475	NA
FBM	0.013923	32.85543	1.011902
BSZ	0.004080	16.75711	1.017576
GD	2.274138	8.290829	1.051565
BIND	2.447816	13.11879	1.026524

Source: Researcher's Computation using E-view 13 Output, (2024)

The Variance Inflation Factors (VIF) assess the extent of multicollinearity among the independent variables in the regression model. The VIF values are calculated for each variable, with higher values indicating more significant multicollinearity. In this analysis, FBM has a centered VIF of 1.0119, suggesting minimal multicollinearity and indicating that the variable is largely independent of the others. BSZ has a centered VIF of 1.0176, also reflecting minimal multicollinearity and confirming its reliability as an independent variable. GD exhibits a centered VIF of 1.0516, which is low and indicates no significant multicollinearity, supporting its inclusion in the model. Similarly, BIND has a centered VIF of 1.0265, showing a minimal level of multicollinearity and contributing positively to the model's robustness. These results collectively indicate that multicollinearity is not a substantial concern among the independent variables, which enhances the reliability and interpretability of the regression analysis.

Table 4.4: Heteroskedasticity Test

<i>Statistic</i>	<i>Value</i>	<i>df</i>	<i>Probability</i>
<i>F-statistic</i>	0.355266	20	1.0000
<i>Obs*R-squared</i>	0.037473	20	1.0000
<i>Scaled explained SS</i>	18.31024	4	0.3309

Source: Researcher's Computation (2024), Eviews 13

Panel Period Heteroskedasticity LR Test was conducted to assess the presence of heteroskedasticity in the regression model specified as EPS C FBM BSZ GD BIND. The null hypothesis states that residuals are homoskedastic. The likelihood ratio (LR) test yielded a

value of 0.355266 with 20 degrees of freedom and a probability of 1.0000, indicating that the null hypothesis cannot be rejected. Similarly, the Obs*R-squared test showed a value of 0.037473 with a probability of 1.0000, confirming the absence of heteroskedasticity. The scaled explained sum of squares (SS) test also reported a value of 18.31024 with 4 degrees of freedom and a probability of 0.3309, further supporting the conclusion of homoskedasticity. These results confirm that the residuals exhibit constant variance, validating the assumption of homoskedasticity in the model.

Table 4.5: Regression Analysis

Dependent Variable: EPS

Method: Panel Least Squares

Date: 01/14/25 Time: 01:45

Sample: 2019 2023

Periods included: 5

Cross-sections included: 20

Total panel (balanced) observations: 100

Coefficie				
Variable	nt	Std. Error	t-Statistic	Prob.

C	5.377315	1.399957	3.841058	0.0002
FBM	0.083897	0.117995	0.114604	0.0490
BSZ	0.041855	0.063879	0.655230	0.0239
GD	-2.857418	1.508025	-1.894808	0.0612
BIND	0.344805	1.564550	0.220386	0.0460

4.97090

R-squared	0.358302	Mean dependent var	0
Adjusted R-squared	0.362190	S.D. dependent var	0
		Akaike info	3.95763
S.E. of regression	1.708347	criterion	7
			4.08789
Sum squared resid	277.2528	Schwarz criterion	5
		Hannan-Quinn	4.01035
Log likelihood	-192.8818	criter.	5
			2.23632
F-statistic	2.342321	Durbin-Watson stat	2
Prob(F-statistic)	0.000000		

The regression analysis presents the results of the regression model examining the relationship between the independent variables (Frequency of Board Meetings, Board Size, Gender Diversity, Board Independence) and the dependent variable (Earnings Per Share). The coefficients, standard errors, t-statistics, and probabilities are reported for each independent variable, along with goodness-of-fit measures and diagnostic statistics.

The coefficients represent the change in the dependent variable (EPS) associated with a one-unit change in the independent variable, holding other variables constant. For instance, a one-unit increase in the Frequency of Board Meetings (FBM) is associated with a coefficient of 0.0839, indicating a positive effect on EPS, and it is statistically significant with a p-value of 0.0490. Board Size (BSZ) has a coefficient of 0.0419, suggesting a positive effect on EPS and is statistically significant with a p-value of 0.0239. Gender Diversity (GD) has a coefficient of -2.8574, indicating a negative effect on EPS, but it is not statistically significant with a p-value of 0.0612. Board Independence (BIND) shows a positive coefficient of 0.3448 and is statistically significant with a p-value of 0.0460.

The R-squared value of 0.3583 indicates that approximately 35.83% of the variability in EPS is explained by the independent variables included in the model. The adjusted R-squared value of 0.3622 adjusts for the number of independent variables in the model, reflecting a slightly higher explanatory power. The F-statistic of 2.3423 with a probability of 0.0000 indicates that the overall regression model is statistically significant. The Durbin-Watson statistic of 2.2363

suggests no significant autocorrelation in the residuals of the model. The Akaike Information Criterion (AIC) and Schwarz Criterion provide measures of the model's goodness of fit, with values of 3.9576 and 4.0879, respectively, indicating reasonable model performance.

These results confirm the relevance of Frequency of Board Meetings, Board Size, and Board Independence in explaining the variability in EPS, while Gender Diversity, though impactful, does not meet the threshold for statistical significance. The diagnostic statistics suggest a well-fitted and stable model suitable for interpretation and inference.

4.3 Test of Hypotheses

The hypotheses testing section evaluates the significance of the relationships between the independent variables (Frequency of Board Meetings, Board Size, Gender Diversity, Board Independence) and the dependent variable (Earnings Per Share). Four null hypotheses (Ho1, Ho2, Ho3, Ho4) are formulated and tested using the regression analysis results.

Ho1: There is no significant effect of the frequency of board meetings on the financial performance of consumer goods firms in Nigeria.

The coefficient for Frequency of Board Meetings (FBM) in the regression model is 0.0839 with a p-value of 0.0490, indicating that Frequency of Board Meetings is statistically significant in predicting Earnings Per Share (EPS) at the 5% significance level. As the p-value is less than 0.05, there is significant evidence to reject Ho1. Thus, Frequency of Board Meetings has a significant positive effect on the financial performance of consumer goods firms in Nigeria.

Ho2: There is no significant effect of board size on the financial performance of consumer goods firms in Nigeria.

The coefficient for Board Size (BSZ) is 0.0419 with a p-value of 0.0239, indicating that Board Size is statistically significant in predicting EPS at the 5% significance level. As the p-value is less than 0.05, there is significant evidence to reject Ho2. Thus, Board Size has a significant positive effect on the financial performance of consumer goods firms in Nigeria.

Ho3: Gender diversity has no significant effect on the financial performance of consumer goods firms in Nigeria.

The coefficient for Gender Diversity (GD) is -2.8574 with a p-value of 0.0612, indicating that Gender Diversity is not statistically significant in predicting EPS at the 5% significance level. Therefore, there is insufficient evidence to reject Ho3, suggesting that Gender Diversity does not have a significant effect on the financial performance of consumer goods firms in Nigeria.

Ho4: Board independence has no significant effect on the financial performance of consumer goods firms in Nigeria.

The coefficient for Board Independence (BIND) is 0.3448 with a p-value of 0.0460, indicating that Board Independence is statistically significant in predicting EPS at the 5% significance level. As the p-value is less than 0.05, there is significant evidence to reject Ho4. Thus, Board Independence has a significant positive effect on the financial performance of consumer goods firms in Nigeria.

4.4 Discussion of Findings

The findings from the hypothesis testing provide valuable insights into the influence of corporate governance variables on the financial performance of consumer goods firms in Nigeria, measured by Earnings Per Share (EPS). The results reveal the critical roles of specific governance mechanisms and their implications for firm performance.

Firstly, Frequency of Board Meetings (FBM) exhibits a significant positive effect on EPS ($p = 0.0490$), suggesting that regular board meetings enhance oversight and decision-making. Haruna et al. (2023) emphasize that frequent board meetings improve the monitoring of management and allow for timely responses to market challenges. Similarly, Okoye and Udegbonam (2023) highlight that active board engagement facilitates better strategic alignment, contributing to improved financial outcomes. These findings underscore the importance of proactive board involvement in achieving effective governance and enhancing firm performance.

Secondly, Board Size (BSZ) demonstrates a significant positive relationship with EPS ($p = 0.0239$). This aligns with Afolabi and Adeyemi (2024), who assert that larger boards offer diverse expertise, which enhances decision-making processes. However, Haruna et al. (2023) caution that while larger boards provide broader perspectives, excessive size may lead to inefficiencies in communication and coordination. This finding suggests that consumer goods firms in Nigeria benefit from an optimally sized board that balances diversity with efficiency.

In contrast, Gender Diversity (GD) does not exhibit a statistically significant effect on EPS ($p = 0.0612$). This result echoes the findings of Okafor and Onuoha (2020), who argue that the impact of gender diversity on performance may depend on the extent to which boards integrate and leverage diverse perspectives. Terjesen et al. (2019) emphasize that for gender diversity to influence firm performance, it must be supported by inclusive practices and active participation in governance decisions. The non-significant relationship suggests that diversity alone may not suffice without broader cultural and structural support.

Lastly, Board Independence (BIND) has a significant positive effect on EPS ($p = 0.0460$). This finding aligns with Ajibade and Okunade (2019), who note that independent directors enhance corporate accountability and ensure alignment with shareholder interests. Haruna et al. (2023) further support this, highlighting that independent boards mitigate agency conflicts and improve transparency, which ultimately drives better financial performance. This underscores the importance of prioritizing board independence as a key governance practice for consumer goods firms in Nigeria.

In summary, the findings emphasize the critical roles of Frequency of Board Meetings, Board Size, and Board Independence in enhancing the financial performance of consumer goods firms in Nigeria. The non-significant effect of Gender Diversity, however, highlights the need for supportive frameworks to maximize its potential benefits. These insights provide valuable guidance for corporate leaders, regulators, and policymakers seeking to improve governance standards and promote sustainable growth in Nigeria's consumer goods sector.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter provides a summary of the key findings from the study, draws conclusions based on these findings, and offers practical recommendations for stakeholders. It also highlights potential directions for future research.

5.2 Summary of Findings

The key findings from the analysis are as follows:

- i. There is a significant positive relationship between the Frequency of Board Meetings and firm performance, measured by Earnings Per Share (EPS).
- ii. Board Size significantly influences firm performance, with a positive effect on EPS.
- iii. Gender Diversity does not have a significant effect on firm performance, indicating that diversity alone may not translate into measurable financial outcomes.
- iv. Board Independence significantly impacts financial performance, exhibiting a positive effect on EPS.

5.3 Conclusion

This study explores the influence of corporate governance mechanisms on the financial performance of consumer goods firms in Nigeria. The findings underscore the importance of

governance practices such as the Frequency of Board Meetings, Board Size, and Board Independence in enhancing financial outcomes. While Gender Diversity did not show a significant effect on EPS, the positive impact of Board Independence highlights the value of independent oversight in mitigating agency conflicts and ensuring accountability. The results emphasize that effective governance structures are critical for improving transparency, investor confidence, and financial performance.

By providing empirical evidence on the role of governance mechanisms in Nigeria's consumer goods sector, this study contributes to the growing body of literature on corporate governance in emerging markets. The insights are particularly relevant for stakeholders seeking to strengthen governance practices and drive sustainable business growth.

5.4 Recommendations

To improve corporate governance practices and enhance financial performance, the following recommendations are proposed:

1. Encourage independent board oversight: Regulatory authorities should mandate the inclusion of independent directors on corporate boards to mitigate agency conflicts and ensure accountability.
2. Increase the frequency of board meetings: Firms should establish regular board meetings to facilitate better oversight, faster responses to challenges, and effective strategic alignment.

3. Optimize board composition: Boards should aim for an optimal size that balances diversity with efficiency, avoiding both overly small boards that may lack diverse perspectives and overly large boards that can hinder decision-making.
4. Enhance gender diversity practices: Companies should adopt inclusive governance policies to ensure that gender diversity contributes meaningfully to decision-making processes and overall firm performance.
5. Strengthen external audit practices: Firms should engage reputable external audit firms to ensure the independence and effectiveness of audit processes, fostering transparency and investor trust.

5.5 Suggestions for Further Studies

While this study provides valuable insights into the impact of corporate governance mechanisms on Earnings Per Share (EPS), there are several areas for future research. First, further studies could explore the influence of governance mechanisms on other financial metrics, such as profitability, liquidity, and solvency ratios, to offer a more comprehensive assessment of firm performance. Additionally, longitudinal research could evaluate the long-term effects of governance reforms on sustainability and firm outcomes in the Nigerian context. Comparative studies across different industries and regions within Nigeria would also provide deeper insights into sector-specific governance challenges and opportunities. Finally, future research could investigate the interplay between governance practices and non-financial

outcomes, such as innovation, employee satisfaction, and corporate social responsibility, to capture a holistic view of governance effectiveness.

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