Impact of Corporate Governance on the Financial Performance of Listed Manufacturing Firms in Nigeria

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Abstract

The main objective of this study is to determine the impact of corporate governance on the financial performance of listed manufacturing firms in Nigeria over a period of five (5) years (2015 – 2019) for the ten (10) selected companies. This work employed three (3) corporate governance mechanism ratios for the independent variables such as: Board Size (BS), Board Independence (BI) and Board Diversity(BD) in determining their impact on performance of the firms proxied by Return on Asset (ROA) as dependent variable. The ex-post facto research design was used for this study. The secondary data were obtained from the financial statements (Comprehensive income statement and Statement of financial position) of the selected consumers goods firms quoted on the Nigerian Stock Exchange (NSE). Descriptive statistics, Pearson correlation and regressions were employed and used for this study. The results of the analysis showed that Board size has no significant impact on the financial performance of listed consumer's goods firms in Nigeria, Board independence has negative significant effect on the financial performance of listed consumer's goods firms in Nigeria and Board diversity (women directors) has positive significant effect on the financial performance of listed consumer's goods firms in Nigeria. Based on the above findings, the researchers recommended In order to have a significant increase in the financial performance of the consumer's goods firms in Nigeria, the size of the board should be increased. This will give room for more skills, expertise and experience necessary to improve firm performance, consumers goods firms should increase the number of independence director in their various organization because of their significant role in improving the performance of the organization and the firms need to set up a team which will facilitate research to keep firms up to date on role of gender diversity characteristics. This will improve the impact experienced from the estimated findings.

Keywords: Corporate governance, Financial performance, Manufacturing firms

INTRODUCTION

The stability of an organization financial position is affected by many factors such as the opportunistic decisions that are taken by managers to inflate their personal interest (Zona, 2018). These decisions emerged in the financial markets as a result of the establishment of corporations, where there is a real separation in tasks and responsibilities among a firm's agents and principals (Fama, 1980; Schroeder, 2009). This non-traditional management position created a breach in shareholders expectations, since managers show exploitative behaviors to maximize their personal benefits instead of taking beneficial decisions that make shareholders pleased (Man & Wong, 2013). In such a situation, managers may affect a firm'sperformance, earnings figures or any other element of financial statements to guarantee a regular seat in a firm board. Shareholders therefore are in force to pay several costs known as "*agency costs*" tominimize the negative consequences of the bad decisions (at least form the principals point of view) that have been made by managers (Mallin, 2004). One good example of these costs is adopting Corporate Governance (CG) mechanisms that may enhance board of directors' ability to solve this conflict of interests. Indeed, board of directors is seen as trustworthy representatives who secure a firm's resources from being used as an exploitative bridge to increase managers' bonuses or unseen rewards (Ciftci., 2019; Khalil &Ozkan, 2016). Therefore, a good emergence of CG structure linked with a real intention to facilitate the overall monitoring process is directly responsible to enhance firms' performance in a way that ensures market stability and shareholders satisfaction. For example, polarizing independent directors to serve in a firm's board motivates other directors to override any misleading or opportunistic decisions that may have unfavourable impact on financial performance (Chen & Zhang, 2014).

The interests of independent members correspond with an agent's expectations since they do not have any direct benefits of engaging in opportunistic decisions that may affect that performance. Of equal importance, hiring members with a previous political connections may support a firm's financial position to interlock with the local environment in a way that facilitate firm's ability to obtain loans, for example, or to hinder greedy

managers form exploiting resources to maximize their personal wealth (Gul & Zhang, 2016; Khwaja&Mian, 2005; Osazuwa et al., 2016). Effective corporate governance practices are essential ingredients in achieving sound financial performance and they are critical to proper functioning as they determine the financial performance of the manufacturing company of the economy in any country of the world. Poor corporate governance may lead to ineffective boards, which eventually may contribute to firms failures. Also, poor boards could in turn lead to a run on the firm's unemployment, fraudulent activities, questionable dealings that may result to negative impact on the economy (Ogbechie&Koufopoulos, 2010). The scenario concerning board leadership as a corporate governance mechanism has generated debatable issues and continued to receive considerable attention in recent times from academics, market participants, professionals, and regulators. This is because theories regarding financial performance providing a conflict views as what constitute performance measurement, while at the same time the empirical evidence is inconclusive. This study assumed that a company's financial performance is mainly determined by corporate governance characteristics. Based on the above the study this study examined the impact of corporate governance on the financial performance of listed manufacturing firms in Nigeria.

In the context of Nigeria, corporate governance in relation to firm performance has been a subject of researches (Chukwunedo&Ogochukwu, 2014) but yet to gain ascendancy in the empirical fronts. Even the few studies that have conducted study on corporate governance focused on financial sectors with little or no attention devoted on manufacturing sectors. After many corporate collapses of organizations in the world such as Enron, WorldCom, HIH Insurance and Oceanic bank in Nigeria etc because of poor governance and due to threatening of financial crisis is growing faster today; corporate governance structure has been put into focus and gets more concerns. Besides, the financial crisis of 1997 in East Asia countries has brought the need for CG's progress as an emergent demand. According to Lefort and Urzua (2008), boards of directors are central institution in the internal governance of a company. In addition to strategic direction, they provide a key monitoring function in dealing with agency problems in the firm (Lefort&Urzua, 2008). Due to the importance of board of directors, many studies have concentrated on finding good structure and composition of the board and check if it affects firm financial performance. In addition, boards of companies with high ownership concentration will tend to be mostly comprised of directors who represent the owner manager's interests, thus being unable to deal with the specific agency problem adequately (Lefort&Urzua, 2008). In Nigeria, in spite of a gradually changing today on the framework of regulation in corporation governance, the compliance of corporation governance is not totally applied. Recently CG Principles have been cared and applied, thus not many researches on this kind of topic are conducted. There are just few studies on investigating the effect of CG structures to financial performance. Besides, from the fact that effect of corporate governance mechanism such as board size, board independence and board diversity to financial performances has been studied in many countries such as Western countries, Japan, China, Thailand and so on, yet still to the researcher knowledge little study has been done in Nigeria using the above corporate governance mechanism on financial performance of manufacturing firm. From the foregoing, the main objective of this study is to examine impact of corporate governance on the financial performance of listed manufacturing firms in Nigeria and to achieve this, the following Null Hypotheses will be tested in order to achieve the stated objectives of this study:

Ho_1: Board size has no significant impact on the financial performance (proxies by Return on Asset) of listed manufacturing firms in Nigeria.
Ho_2: Board independence has no significant effect on the financial performance (proxies by Return on Asset) of listed manufacturing firms in Nigeria.
Ho_3: Board diversity (women directors) has no significant effect on the financial performance (proxies by Return on Asset) of listed manufacturing firms in Nigeria.

LITERATURE REVIEW

Concept of Corporate Governance

La Porta (2000) viewed corporate governance as a set of mechanisms through which outside investors protects themselves against expropriation by insiders, i.e. the managers and controlling shareholders. They then give

specific examples of the different forms of expropriation. The insiders may simply steal the profits; sell the output, the assets or securities in the firm they control to another firm they own at below market prices; divert corporate opportunities from firms; put unqualified family members in managerial positions; or overpay managers. The Code of Corporate Governance issued by Central Bank of Nigeria (2016) defines the subject as the rules, processes, or laws by which institutions are operated, regulated and governed. It is developed with the primary purpose of promoting a transparent and efficient system that will engender the rule of law and encourage division of responsibilities in a professional and objective manner. In Thailand, the National Corporate Governance Committee (NCGC) defined the term as a system having corporate control structure combining strong leadership and operations monitoring. Its purpose is to establish a transparent working environment and enhance the company's competitiveness.

Corporate governance, according to Jegede, Akinlabi, and Soyebo (2013), encapsulates what defines the framework of operation of an organization, detailing the processes, regulatorycode and ethics that ensure that an organization maintains free flow of operational interaction with the society towards achieving predetermined organizational goals. According to El-Kharouf (2014), corporate governance entails the engagement of the management in putting in place, the right strategies that would foster operational optimality that can guarantee the transparency and accountability of dealings in an organization. Various scholars have measured corporate governance using different proxies such as institutional ownership, managerial ownership, board size, audit committee size, director's remuneration, board meeting, board independence, ownership structure, as well as board gender diversity (Irine& Indah, 2016; Jegede, Akinlabi, &Soyebo, 2013; Akpan&Riman, 2012; Karam& Sonia, 2015; Gadi, Emesuanwu, &Shammah, 2015; Alexander, David, Musibau, &Adunola, 2015; Joseph & Ahmed, 2017).Prowse (1998) posits that corporate governance refers to the rules, standards and organizations in an economy that govern the behavior of business owners, directors, and managers and define their duties and accountability to outside investors. Solomon & Solomon (2004) view it as the mechanism of checks and balances, both internal and external to companies, which ensures that organizations discharge their accountability to stakeholders and act in a socially responsible manner. Monks and Minow (1996) opine that corporate governance is the relationship among various participants in understanding the direction and performance of business organizations. This concept can be perceived as structure and processes to direct and control corporations and to account for their operations (Neuberger & Lank, 1998). Another opinion put across by Sanda et al. (2005) sees corporate governance as the ways in which all parties interested in the wellbeing of the corporation try to ensure that managers and other parties take necessary approach to safeguard the interest of all investors. Iskander&Chamlou (2000) stated that corporate governance is important not only to attract long-term foreign capital, but more especially to broaden and deepen local capital markets by attracting local investors both individual and institutional. Nielsen (2000) reported that corporate governance is the system of rights, structures and control mechanisms recognized internally and externally for the management of a listed public limited liability company, with the aim of protecting the interests of stakeholders. Conclusively, what is evident from the various definitions reviewed is that corporate governance is the set of structures, processes, cultures and systems through which objectives are determined and companies are directed and controlled. A challenge was discovered to be the ideal measure of corporate governance, as there is no universally accepted measure of corporate governance (Calabrese, Costa, Menichini, Rosati, &Sanfelice, 2013). Yakasai (2001) argued that board structure could be an ideal measure of corporate governance. However, (Chiorazzo*et al.*,2008) has used corporate ownership and control as the measure of corporate governance for big and non-financial corporations. According to Ramano*et al*. (2012), corporate governance should use any variable, which has a direct impact on corporation performance.

Corporate Governance Characteristics

There are various mechanisms or characteristics the make good corporate governance practice which includes, board size, board independence and board diversity etc and they are futther discussed below. Board size has been defined in various ways by researchers. One of the definitions of board size is the number of executive and non-executive directors on the board (O"Connell& Cramer, 2010 and Nigerian Securities and Exchange Commission Code of Corporate Governance, 2003 & 2011). Due to its importance, the literature has attempted

to examine theoretically the impact of board size on corporate performance and has reported inconsistent findings. From agency theory perspective, having a large board of directors is not a desirableaspect of corporate governance. This because a large board needs more financialresources such as remunerations and bonuses, thus it is costly to have a largeboard of directors. Further, a large board of directors can easily be dominated bythe CEO since coordination is difficult among a large number of directors(Jensen, 1993). In particular, it has been suggested that the optimal board of directors' size should be not more than nine directors (Lipton &Lorsch, 1992).

With respect to board diversity, Boyle and Jane (2011) maintain that high female representation on boards provides some additional skills and perspectives that may not be likely with all-male boards. Further they added that board diversity promotes more effective monitoring and problem-solving as well female board members bring diverse viewpoints to the boardroom and will provoke lively boardroom discussions. Gender diversity in the boards is supported by different theoretical perspectives. According to Erhardt et al. (2003), diversity of the board of directors and the subsequent conflict that is considered to commonly occur with diverse group dynamics is likely to have a positive impact on the controlling function and could be one of several tools used to minimize potential agency issues. Consequently, looking at board independence**,** John and Senbet (1998) argue that a board is more independent if it has more non-executive directors. As to how this relates to performance, empirical results have been inconclusive. Inone breath, it is asserted that executive directors are more familiar with the firm's activities, therefore are in a better position to monitor top management. On the other hand, it is contended that non-executive directors may act as "professional referees" to ensure that competition among insiders stimulates actions consistent with shareholder value maximization. According to Fama& Jensen (1983), independent directors are incentives to scrutinize diligently, because they seek to protect their reputation as effective monitors of managerial discretion. Since they are in a better position to discipline management, independent directors are arguably more effective in prohibiting opportunistic behavior, thereby reducing potential agency conflicts (Bhagat & Black, 2002).

Concept of Financial Performance

Company performance describes how individuals in the company try to achieve a goal. Company performance illustrates the magnitude of the results in a process that has been achieved compared with the company's goal. Financial performance is a determinant of an organization's income, profits, increase in value as evidenced by the appreciation in the entity's worthiness (Asimakopoulos, Samitas&Papadogonas, 2009). Measures of financial performance fall into investor returnsand accounting returns. The basic idea of investor returns is that, the return should be measured from the perspective of shareholders e.g. share price and dividend yield. Accounting returns focus on how firm earnings respond to different managerial policies, which can be measured using different accounting ratios (Alan, 2008). Financial performance provides a subjective measure of how well a company can use assets from its primary mode of business and generate revenues. Financial performance is measured by revenues from operations, operating income or cash flow from operations or total unit sales. The analyst or investor may wish to look deeper into financial statements and seek out margin growth rates or any declining debt (Leah, 2008).

Empirical Literature

Jerry (2019), examined the impact of corporate governance on financial performance of complements in Nigeria was conducted to examine the effects of corporate governance attributing board size, board composition on financial performance (proxied by Return on Assets (ROA), Return on Equity (ROE)). The study uses the ex-post factor research design with a population and sample sizeof 6 quoted conglomerate companies listed on the in Nigerian Stock Exchange covering the period between 2008 and 2017. Data for this study was generated from the published annual accounts and reports of the sampled firms. For the purpose of data analysis, Random Effect regression was utilized for the two models (ROA and ROE). The study found that board size has a significant positive effect on financial performance, while board composition and board ownership have a significant negative effect on financial performance.

Biruk and Gurdip (2019),examined the impact of corporate governance practices on share companies' financial performance by using panel regression approach. Data sources from 24 share companies for five years. The findings of robust FGLS estimation of panel regression using ROA and ROE as measures of financial performance revealed board of directors' gender diversity (BDGD sig. at 5%) and size of share companies (SIZE sig. at 1%) have a positive association with return on assets and board of directors meeting attendance rate (BDMAR) in person has a positive association but not significant. The board of directors' size (BS sig. at 5%), board of directors meeting frequency (BMF sig. at 5%) and board of directors' leadership practice (BDLPR sig. at 1%) have a negative impact on returnon assets. The paper also empirical findings ROE has a significant and positive association with board meeting frequency ($p<0.05$); board of directors' gender diversity ($p<0.05$) and size of share company ($p<0.01$). And board of directors meeting attendance rate in person has a significant and negative relationship with ROE ($p<0.01$). However, no significant but negative association was found between ROE with board size and board of directors' leadership practice. State ownership has also a positive association with ROA as well as ROE. The model is good fit with R-square value of 84 and 93% for model one (ROA) and two (ROE) respectively.

Akinleye and Olarewaju (2019), focused on corporate governance and performance of selected Nigerian multinational firms from 2012 to 2016. Specifically, the study focused on the effect of board size, activism and committee activism on return on asset and firm growth rate. Secondary data collected from four multinational firms were analyzed via static panel estimation techniques. While board size and board activism exerted significant negative impact on return on asset, committee activism exerted insignificant impact. The results of the study further showed that board size and board activism exert insignificant negative impact on firm's growth rate, while committee activism insignificantly spurs firm's growth rate. Decisively, discoveries from this study reflect that corporategovernance has significant negative impact on return on asset, but has insignificantinfluence on the growth rate of Nigerian multinational firms. Tabash (2019), examined the impact of corporate governance mechanisms on financial performance of Indian hotel companies. The analysis was based on balanced panel data over a period ranging from 2013/2014 to 2015/2016 for 30 Indian hotel companies listed on the Bombay Stock Exchange (BSE). The studyinvestigated three aspects of corporate governance mechanisms namely: the board of directors (size, composition, and diligence), audit committee (size, composition, and diligence) and institutional ownership, whereas financial performance was measured according to three common measures, return on assets (ROA), net interest margin (NIM), and earnings per share (EPS). The results confirm that board size, board diligence, audit committee size, and institutional ownership have a significant impact on ROA, while board composition, audit committee composition, audit committee diligence and company age have an insignificant effect on ROA. With respect to NIM model, the results indicate that board composition, board diligence, audit committee composition, institutional ownership and size of the company have a significant impact on NIM, while board size, audit committee size, and audit committee diligence have an insignificanteffect on NIM. In terms of the EPS model, the results suggest that board size, board composition, board diligence, audit committee composition, and company age thus have a significant impact on EPS, while audit committee size, audit committee diligence, and institutional ownership have somewhat of an insignificant influence with EPS.

Arilyn and Kharismar (2019),determined what factors in corporate governance affect the financial performance of a firm.Financial performance, as the dependent variable, is measured by Return on Asset (ROA), while the independent variables (corporate governance) are measured using Board Independence, Board Size, Dividend, Firm Size, and Financial Leverage. The sampling method used in this research is purposive sampling. The requirements for the sample of this research are the non – financial firms included in LQ-45 from 2012 to 2017 that publish annual reports that are available to the public. The research method used in this paper is a quantitative method. Panel data analysis technique and E-views tools were also used.The results indicate that firm size and percentage of board independence has no effect on financial performance, while board size, dividends, and financial leverage all effect financial performance. Yimka, Babatunde and Okezie (2019),examined corporate governance practices eight years after (2010), given the instability in the political and economic environment under which they operated. The study also examined the relationship between corporate governance practices and firms' financial performance in the selected manufacturing companies in

Lagos State, Nigeria. The study employed acomparative analysis to gauge the changes to corporate governance practice between the years 2003 to 2010 by manufacturing companies. The companies were selected based on availability of data from the stock exchange in terms of activities of trading and existence of reports on corporate governance in the companies' annual reports. The study used both descriptive statistics and econometrics method of analysis, using E-views 7 statistical software. The Panel data of the ten companies for the 8 years was used, employing ordinary least square (OLS) method of analysis. Consequently, the results of the descriptive statistics show that majority of the companies implemented the code of conduct that emphasizes appropriate composition of the board of directors and forecast of operations. Further analysis shows that there was positive relationship between the return of equity and legal compliance, though the relationship is weak given the value of R as 0.197. Also, there were weak relationships between return on equity (ROE) and board compliance as R = -0.4430 and proactive indicators R as - 0.2345. These imply that while the companies obey the regulations in term of board composition, legal compliance and production projections, which are the major concerns of this study. Meanwhile, some other variables impacted more on ROE.

Olayiwola (2018),investigated the influence of corporate governance (CG) on the performance of companies. The objectives of this study were to respectively analyze and determine, individually and jointly, the influence of board size, board composition and audit committee size on corporate performance (CP).The study employed exploratory research design. Ten (10) listed firms were chosen through a purposive sampling technique and data extracted from the annualreports of these firms from year 2010 to 2016. A panel data regression was used to analyse the data. CG was proxied with board size (BS), board composition (BC) and audit committee size (ACS) while performance was proxied with net profit margin (NPM). Findings revealed that board size had a significant negative correlation with NPM, board composition had a significant positive correlation with NPM, audit committee size had an insignificant correlation with NPM and board size, board composition and audit committee size had a significant joint effect on NPM. Adesanmi, Sanyaolu, Ogunleye and Ngene (2018),examined the effect of corporate governance on the financial performance of manufacturing companies and banks in Nigeria from 2005 to 2014. The study used proxies such as; the size of the board, audit committee and board independence as proxy for corporate governance. The data for the study were analyzed using the pooled least square method of regression and paired t-test. The pooled ordinary least square regression results showed an R2 of 0.71 (71%) for the manufacturing firms while the R-squared of 0.85 (85%) was obtained for the sampled banks. The study found that there was a positive and significant relationship between Board Size, Board Independence and ROA of the studied companies in the manufacturing and banking sectors. Furthermore, the result of the paired t-test shows that there is nosignificant difference in the corporate governance structures of Nigerian banks and manufacturing companies.

Urhoghide and Omolaye (2017),examined the effect of corporate governance on financial performance of quoted oil and gas companies in Nigeria. The specific objectives of the study were to determine whether corporate governancemechanisms- board size, board diversity, board diligence, board political affiliation, and corporate governance disclosures have any effect on firm financial performance using profit after tax (PAT) to measure firm performance. The study used the published annual reports spanning the period 2008 to 2015. A sample of twelve (12) out of the fourteen (14) quoted companies in the oil and gas sector were used for this study. The Generalized Least Square (GLS) regression was employed to examine the relationship existing between the variables. Thestudy found that Board size, board gender diversity and corporate governance practices have significant positive impact on financial performance. Board diligence and corporate governance reforms are positive but not significant while board political affiliation has significant negative relationship with financial performance of quoted oil and gas companies in Nigeria. Osundina, Olayinka and Chukwuma (2016),investigate the relationship between corporate governance (measured by Board Structure index, Ownership Structure index and Audit Committee index) and firm's performance (measured by Return on Asset) of selected Nigerian manufacturing companies. The study adopted ex-post facto research design. Random sampling was used to select 30 companies out of a total population of 45 manufacturing companies listed on the Nigerian Stock Exchange, for a time period of 2010 to 2014. Secondary data (financial and non-financial) were collected from the annual reports and accounts of the selected listed manufacturing companies. Multiple regression analysis and descriptive statistics were used in analyzing the

data. F-stat and t-stat were used to test the hypothesis. The results of the study show that Board structure index had a significant positive relationship with performance (ROA) of the sampled manufacturing companies. Also, it was found that Audit committee index had a positive but insignificant relationship with the performance (ROA) of the sampled manufacturing companies, while Ownership structure index had an insignificant negative relationship with performance (ROA) of the sampled manufacturing companies.

Theoretical Framework

Agency Theory

The theoretical framework for this study is the agency theory the reasons because Agency theory as a useful economic theory of accountability helps to explain the development of the audit. Agency theory posits that agents have more information than principals and that this information asymmetry adversely affects theprincipalsability to monitor whether or not their interests are being properly served by the agents (Casterella, Jensen, &Knechel, 2007). It is built on the premises that there is an agency relationship wherein the principal delegates work to the agent. As a result, there evolves risk sharing and conflict of interest between the two parties. It is the belief that the agent will be driven by self-interest rather than the desire to maximize the profits for the principal. The theory describes the conflicts that arise as a result of the separation of ownership and control. The economic principal-agent theory considers institutions as nexus for contracts and according to Jensen and Meckling (1976) and Furubotn and Richter (2005), the principal agent relationship is a contract relationship where the principal establish appropriate incentives for the agent. However, since principal and agent have different incentives and because of information asymmetry and external disturbances, the principal is not able to adequately monitor the agent actions which intend effect the financial performance.

METHODOLOGY

This study used ex-post facto research design which is undertaken after the events have taken place and the data are already in existence.The population of this study comprises 22 (twenty two) manufacturing Firms that were listed on the Nigerian Stock Exchange as at 31st December, 2020.this study will adopted judgmental or purposive as the sampling technique. The criteria for the sampled firms are: it must be quoted under NSE for more than ten years, recognized and have a large customer base and customer base are determine base on growth of customers per year and availability of data. The sample firms are Guinness Nigeria Plc, Dangote Flour Mills, Nascon allied Nigeria Plc, Dangote Sugar Plc, Cadbury Nigeria Plc, Northern Nigeria Flour Mills Plc, Nigerian Breweries Plc, Flour Mills Nigeria Plc, Nestle Nigeria Plc and Seven Up Bottling Company Plc. In this study, the secondary sources of data collection were used. The secondary source of data for this study includes the annual report of selected consumer's goods firms for all the relevant years (2015-2019). The study employed Ordinary least square multiple regression analysis is the main technique used for data analysis. Statistical package for social science (SPSS) version 25 will be used data analysis.

Models Specification

This study seeks to adopt the model used by Odudu, Okpeh and Okpe (2016), with little modification: $ROA_{it} = \beta 0_{it} + \beta_1 BS_{it} + \beta_2 BI_{it} + \beta_3 BD_{it} + \mu_{it}$

Where:

ROA = Return on Asset
BS = Board Size
BI = Board Independence
BD = Board Diversity
β= Coefficient
ε=Error term

Variable Measurement and Sources

Variable	Measurement Index	Source(s)
Dependent		
ROA	Net profit after tax divided by the total assets	Annual reports and accounts.
Independent		
BS	Log of total number of members serving in a firm board.	Annual reports and accounts.
BI	dividing the number of independent members over the board size	Annual reports and accounts.
BD	dividing the number of women director over the board size	Annual reports and accounts.

Source: Author's Compilation

RESULTS AND DISCUSSION

This section discusses the regression results in relation to corporate governance on the financial performance of listed manufacturing firms in Nigeria for the period under review. The results are presented below:

Table 1: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.574[a]	.329	.286	.07808	1.166

a. Predictors: (Constant), BD, BI, BS

b. Dependent Variable: ROA

Source: SPSS Output 25

Table 1, shows that the co-efficient of the regression which is R^2 is relatively low at 32.9%. This means that 32.9% of ROA is explained by the explanatory variables while 67.1% is unexplained. The Durbin Watson (DW) statistics of 1.166 suggests the presence of serial correlation. This indicates that there is a positive auto relationship among the error term of each of the variables used in this study; however, the closer this is to 2, the fairer the model which means that the model is well fitted.

Table 2: ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.138	3	.046	7.531	.000[b]
	Residual	.280	46	.006		

	Total	.418	49			

a. Dependent Variable: ROA

b. Predictors: (Constant), BD, BI, BS

Table 2 reveals the overall fitness of the model formulated. The F-statistics as presented in the table is 7.531 which is significant at 1% because the p-value is less than 1% level of significance i.e 0.00<0.1. This shows that the model is well fitted as seen from the ANOVA table. This indicates that corporate governance has significant impact on the financial performance of listed manufacturing firms in Nigeria proxy by ROA.

Table 3: Coefficients

Model		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	.050	.099		.507	.615
	BS	.008	.091	.012	.090	.929
	BI	-.170	.045	-.480	-3.749	.000
	BD	.445	.124	.482	3.598	.001

a. Dependent Variable: ROA

Source: SPSS Output 25

Table 4.6 shows the regression results on the relationship between ROA, BS, BI and BD. The estimated regression relationship for the model is:

ROA = 0.050+ 0.008 (BS) - 0.170 (BI) + 0.445 (BD).

Ho$_1$: Board size has no significant impact on the financial performance of listed manufacturing firms in Nigeria.

The regression model explains that Board size (BS) has a positive effect on the financial performance of manufacturing firms listed in Nigeria. Meaning that a unit increase in loans to deposit Board sizeby manufacturing firms in Nigeria would lead to a proportionate increase of 0.008 of financial performance of manufacturing firms listed in Nigeria and vice versa. The correlation coefficient of 12 percent indicates a positive relationship between Board size **(**BS) and financial performance of manufacturing firms listed in Nigeria. The P value was 0.929 which is greater than 0.05 means that the P value is statistically insignificant at 5% level. Therefore we reject the alternate hypothesis and uphold the null hypothesis. That is, Board size has no significant impact on the financial performance of listed manufacturing firms in Nigeria.

Ho$_2$: Board independence has no significant effect on the financial performance of listed manufacturing firms in Nigeria.

The regression model explains that Board independence(BI) has a negative effect on the financial performance of manufacturing firms listed in Nigeria. Meaning that a unit decrease in Board independenceby manufacturing firms in Nigeria would lead to a proportionate decrease of -0.170 of financial performance of consumer's goods firms listed in Nigeria and vice versa. The P value was 0.000 which is less than 0.01 means that the P value is statistically significant at 1% level. Therefore we reject the null hypothesis and uphold the alternate hypothesis. That is, Board independence has significant effect on the financial performance of listed manufacturing firms in Nigeria.

H$_{o3}$: Board diversity (women directors) has no significant effect on the financial performance of listed manufacturing firms in Nigeria.

The regression model explains that Board diversity (women directors) (BD) has a positive effect on the financial performance of manufacturing firmslisted in Nigeria. Meaning that a unit increase in Board diversity (women directors)byconsumer's goods firmsin Nigeria would lead to a proportionate increase of 0.445 of financial performance of manufacturing firms listed in Nigeria and vice versa. The P value was 0.001 which is

less than 0.01 means that the P value is statistically significant at 1% level. Therefore we reject the null hypothesis and uphold the alternate hypothesis. That is, Board diversity (women directors) has significant effect on the financial performance of listed manufacturing firms in Nigeria.

Discussion of Findings

The study it was discovered that:
i. Board size has no significant impact on the financial performance of listed manufacturing firms in Nigeria.
ii**.** Board independence has negative significant effect on the financial performance of listed manufacturing firms in Nigeria.
iii**.** Board diversity (women directors) has positive significant effect on the financial performance of listed manufacturing firms in Nigeria.

In the recent content of Nigeria, the quest for good application of corporate governance principles is further strengthened by the desire to attract investments and support rapid economic growth, which constitutes a good reward to both local and international investors. Most business failures in recent times is attributed to failure in the application of corporate governance principles; the initial collapse of banks in Nigeria in the early 1990's and onwards was because of inadequate application of corporate governance principles resulting to insider-related practices such as credit-related abuses, poor risks management techniques and failure of internal control system. The success or collapse of firms is thus associated with the role acted by the management and firm governance as a process. Consider a broad variety of matters in corporate management, some process such as exposes, rights of voting, rules among others. Board of directors is a collective of people who are nominated by the shareholders of a company and are responsible for making decisions as would be done by them. This became necessary as it would be impossible for shareholders to meet often to make vital decisions regarding the company more especially if the company large number of shareholders spread across the globe.Aspects of board characteristics has gained major consideration globally, especially after waves of company outrages and the disappointments of some major companies globally. The collapse of these enterprises has highlighted the limited role acted by the respective boards through a let-down of corporate governance processes (Ghabayen, 2012). Each wave of corporate scandals over the years has reignited the recent debate on corporate governance.

For example, in 1990, the financial crisis in Asia exposed weak checks and balances andgovernance practices. This led to focus on insider trading (Radelet& Sachs, 1998).Beyond corporate failures, there have been other developments that have contributed to the renewed focus on corporate boards. Heightened dissatisfactions by shareholders due to poor financial performance, falling share value have led to questions being raised on the notch of competency of the management (Sherman &Chaganti 2018). The phenomenal growth exhibited by corporate investors including healthcare firms, mutual and pension funds has also increased focus on corporate boards. These established investors have the expertise to perform fiduciary responsibility of monitoring board so as to ensure good returns (Bolton &Roell, 2015). Another factor that has led to increased focus on board characteristics is the increase recognition whereby a considerate executive team is a basis of asset in different forms including; promoting venture, improve share development as well as provision of healthier long-run stakeholder return (Lee, 2001; Carlsoon 2001). According to Healy (2003), it is now recognized that good corporate practices are a source of economic growth. At the midst of each of these corporate scandals, there is an attribute of the ineffectiveness of boards of directors.

CONCLUSION AND RECOMMENDATION

Based on the findings from the previous section of this study, the following conclusions are drawn: Board size has no significant impact on the financial performance of listed consumer's goods firms in Nigeria.,Board independence has negative significant effect on the financial performance of listed consumer's goods firms in Nigeria and Board diversity (women directors) has positive significant effect on the financial performance of listed consumer's goods firms in Nigeria.In line with the findings from this study, the following recommendations are proffered: In order to have a significant increase in the financial performance of the consumer's goods firms in Nigeria, the size of the board should be increased. This will give room for more

skills, expertise and experience necessary to improve firm performance and the firms need to set up a team which will facilitate research to keep firms up to date on role of gender diversity characteristics. This will improve the impact experienced from the estimated findings. Actually, a more varied board of directors enhances good understanding of markets that are differentiated in terms of growing creativity and innovativeness, improved decision-making provided evaluation of more other alternatives.

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