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Board characteristics and financial performance of listed consumer firms in Nigeria

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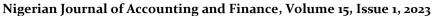
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ABSTRACT

The study examines the influence of board characteristics on financial performance of listed consumer firms in Nigeria. The data were extracted from annual report and account of the sampled companies from 2011-2021. The population of the study consist of all 20 listed consumer firms on the Nigeria stock exchange [NSE] as at 31st December, 2021. The sampling technique adopted for this study was census technique used and thirteen [13] firms were selected from the total of twenty [20] listed consumer firms on the floor of Nigeria stock exchange market. Correlation and regression analysis has been used in order to determine the relationship between the dependent and the independent variables. The study established that board size and experience have positively influenced financial performance while board independence and women director have negatively influenced the financial performance of listed consumer goods firms. Based on the findings, the management of consumer firms in Nigeria should increase the number of board of directors on board with higher educational qualifications to certain number as they influence positively in the financial performance, it should strictly comply with the provision of Companies and Allied Matters Act [CAMA] and SEC Code of corporate Governance on the issues regarding Board of directors.

Keywords: Board Characteristics, Firms' Financial Performance, Consumer Firms





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1. INTRODUCTION

Issues of governance and corporate performance have received serious empirical consideration in recent times. This unending enthusiasm on governance research may have been sustained by the high-profile corporate demise, financial scandals and the global financial meltdown resulting in general loss of public confidence and investor's apathy. Corporate governance transcends the daily management of business activities (Jibril, et al., 2022). The board of director has a part to play in corporate governance as their main duty is that of supervising the management to ensure proper accountability to shareholders and other stakeholders. Since the board of director is vested with the responsibility of monitoring the interest of

Therefore, there is a need for ensuring the sustainability of this sector through good corporate governance. Increasing interest in investigating the influence of corporate boards' characteristics on firms' performance has been largely out of necessity arising from increasing number of high profile corporate failures around the world. Companies that had become well established and respected over decades were found to have been involved in unethical practices (Securities and Exchange Commission [SEC], 2014). On the international scene, there is the collapse of large companies like Enron, WorldCom, Rank Xerox, Parmalat, Bank of Credit and Commerce International (BCCI), and the large scale crisis that rocked the Asian and African Financial Institutions (Clarke, 2014; Wikipedia, 2020). However, in Nigeria, though not in consumer sector, the examples of corporate failures are better seen in what happened in the financial services sector some years back. The collapse of banks such as Abacus Merchant Bank Nigeria Limited, Royal Merchant Bank Limited, Rims Merchant Bank Limited, Financial Merchant Bank Limited, Progress Merchant Bank Plc, and Republic Merchant Bank Limited (SEC, 2019).

In view of the effects of corporate failures on companies and national economies, countries all over the world have taken one step or the other to ensure good corporate governance. One of these steps include, diversifying the corporate board. Therefore, a response has been made by SEC in collaboration with the Corporate Affairs Commission (CAC) in launching a Code of Corporate Governance for Nigerian public companies in 2020. Some of the provisions of the code for good corporate governance are bordered on responsibilities of board of directors (SEC, 2016). The recent financial crisis has had enormous impacts on an economy, leading to major problems in consumer firms should therefore focus on good corporate governance that will build a stable foundation for recovery from this crisis (Najjar, 2021).





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Boards of directors are a key important instrument (Hau & Mat Zin, 2017) and a central institution in the internal governance mechanisms of a company (Lefort & Urzua, 2017; Arosa, Iturralde, & Maseda, 2019). Moreover, Board structure is a crucial aspect in the area of corporate governance, since it is treated as a central point of internal governance of the company. Overall behavior of the company can be changed with the changes of a board structure, because every strategic level decision taken by board of a company can impact on entire operations of a firm (Arosa et al., 2018). The handbook of nonprofit governance says, when aligned with the strategic priorities of a firm, an efficient structure allows board and staff to apply their skills in concert to fulfill the mission. Therefore, it is discussed in the initial point of "code of best practice on corporate governance" published in Sri Lanka. It says that every public company should be headed by an effective board, which should direct, lead and control the company. Effectiveness of the board performance is influenced by various factors such as board composition, quality, size, diversity of the board, CEO duality, ownership, information asymmetries and culture of the board (Brennan, 2016).

Since board of directors is acting as representatives for shareholders of the company, they have primary responsibility to monitor the management of such company. Furthermore, the board advises the management and has decision making power. Therefore, shareholders should have a serious interest in ensuring that the board is staffed with well-educated and experienced directors as board of directors is vested with the responsibility of ensuring that the shareholders' money is not wasted (Akpan & Amran, 2014). The contemporary board of directors is in charge to monitor the performance of top management to ensure that they act according to the best interests of the owners (O'Connell & Cramer, 2019).

Performance is crucial to any business organization survival and continues patronage by investors, potential investors, potential investors, creditors, and other stakeholders in the business world. Every business organization has an important decision of making returns. This decision is important since the ability of a firm to make returns in this competitive environment determines to a larger extend its ability to survive in the future. Over the years, different variables have been used to measure corporate performance.

Therefore, this study aims to examine the influence of board characteristics on firm's financial performance of consumer sector in Nigeria.





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2. LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

Board characteristics refer to features of corporate boards that are tasked with overall management of the firms. Some other studies Marwa et al. (2017) refer or attribute these characteristics to the concept of corporate governance. The success or collapse of firms is thus associated with the role acted by the management and firm governance as a process. While studies, (Modest & Khaled 2020) consider a broad variety of matters in corporate management, some process such as exposes, rights of voting, rules among others, this study gives an attention on the several features of the executives including ownership, board expertise, board diligence, size of board and gender about financial performance of firms under study.

Performance of a company could be measured through many ways; one of these measures is Return on Asset (ROA) Return on Assets, commonly referred to as ROA, The ratio is widely used as a proxy for profitability and is an important tool for indicating the operational efficiency of the firms. It is a good internal management ratio because it measures profit against all of the assets a division uses to make those earnings. Hence, it is a way to evaluate the division's profitability, performance, and effectiveness (Siraj & Pillai, 2012).

Board Independence and Financial Performance

Board independence is by and large influenced by how it is composed. A board is said to be independent if made up of more non- executive directors. The independent outside director brings to fruition the desired neutrality and minimalize bias in the board process (Bhakat & Black, 2017). The global economy appears to have become caught up in what might be described as outside directors, euphoria (Dahya & Connell, 2017).

Olubunmi (2021) study the effect of diversity on the financial performance of the board of directors of Nigerian citation companies. The results revealed that board independence, board gender diversity, and board size have a positive impact on the after-tax profits of selected listed companies in Nigeria. Similarly, Oyewale et al. (2019) study the relationship between board independence and the financial performance of listed manufacturing companies in Nigeria was investigated in this study. The result confirms that there is a significant positive linear relationship between board independence and financial performance of listed manufacturing companies in Nigeria.

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To this end different studies have established negative result, Jibril and Maikano (2022) and Akpan and Amran. (2017) examine the relationship between board characteristics and company performance in Nigeria. The studies established that there is no relationship between boards' equity, board independence, and board age. Based on the ongoing discussion therefore, the study hypotheses that:

H_{o1}: Board independence does not have significant impact on financial performance of listed consumer sector in Nigeria

Board Size and Financial Performance

Board size refers to the total number of directors on a firm's board. Determining the ideal board size for organizations is very important because the number and quality of directors determines the corporate performance of such firms. The underlying economics of this is that as the increases, it will reach a point of diminishing returns at which there will be negative impacts on the functioning of the board. For example, when communication and coordination become an arduous and time consuming for the many directors on a large board (Liu & Fong, 2010).

Oludele et al. (2017) evaluates the impact of board size on the financial performance of listed manufacturing companies in Nigeria was investigated in this study. The result indicates that there is a significant positive linear relationship between board size and financial performance of listed manufacturing companies in Nigeria. In the same vein, Olubunmi (2021), (Jibril and Dahiru (2018) Jibril and Dauda (2018) Jibril, Baba, *et al.* (2018) Muktar *et al.* (2016) Salihi and Jibril (2015) study the effect of board attributes on the financial performance of the selected firms in Nigeria. The results showed that board size has a positive impact on the profits of selected listed companies in Nigeria.

Conversely, Oyedokun. (2019) examines the effect of board characteristics on financial Performance of quoted commercial banks in Nigeria for the period 2013-2017. Board characteristics used include size, independence, gender diversity and board meeting. The study shows that board size has insignificant negative effect on financial Performance while board independence has insignificant negative effect on financial Performance. Similarly. Okuwadamisi (2021) examines the effect of board characteristic on financial performance of quoted agricultural firms in Nigeria. Board characteristics is the independent variable proxies by (board size, board diligence, board independence and board gender while financial performance (dependent variable) was proxies by return on equity. The study indicates that board size has no

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significant effect on the financial performance. Based on the ongoing discussion therefore, the study hypotheses that:

H_{o2}: Board size does not have significant impact on financial performance of listed consumer sector in Nigeria

Board Financial Expertise and Financial Performance

Board of directors is responsible for monitoring management on behalf of shareholders. For this reason, the shareholders ought to ensure that the board is staffed with expert members that would not allow their investment to be wasted. Companies as well as the Nigerian Corporate Governance Code precisely spelt out the requirements expected for the directors. Business organizations formed and managed by educated managers tend to perform better than those managed by uneducated managers.

Though there is limited literature with regard to how board financial expertise influence performance in Nigeria. Yermack (2016) found that share price reactions to director's professional qualification, especially in the area of accounting and finance. Haniffa & Cooke (2020) found a positive relationship between accounting education of board members and disclosure of information.

In the same vein, Temitope (2018) examined the relationship between board characteristics and performance of quoted Nigerian consumer goods firms variables. The results of the study showed significant relationships between board independence, board expertise and performance of consumer goods firms. There are many prior studies that established the effect of expertise on financial and non-financial performance, (R. S. Jibril, 2017; R. S. Jibril, Usman, et al., 2022; R. S. Jibril & Dauda, 2018; Muhammad et al., 2015; Muktar et al., 2016). Based on the ongoing discussion therefore, the study hypotheses that:

 H_{o3} : Board financial expertise do not have significant impact on financial performance of listed consumer sector in Nigeria.

Board Gender Diversity and Financial Performance

Studies on women on board have received attention in recent years and have contributed to legislation in some countries that made reservation for women in the board of listed companies. For instance, Norway and Sweden imposed gender quota on board of directors of listed companies (Rondoy, Oxelheim and Thomson, 2016).







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Most companies select women into board based on the resource to which they can provide access (P David, M Bloom, & AJ Hillman, 2017). They bring resources such as prestige, skills, knowledge, and connection to external resources (Dang & VO, 2016). Several studies have been conducted to establish the relationship between board women and company performance but findings of these studies are mixed. Carter et al. (2015); Luckerath-Rover (2016) found positive significant relationship between women directors and firm performance. Minguez-Vera & Martin (2016) found a significant negative relationship between female directors and firm performance measured by ROE using sample of small and medium Spanish enterprises from 2013 to 2020. Similar results were obtained from studies of Dwyer et al. (2013), Randoy et al. (2016), Rose (2017) and Marinova, Plantenga and Remery (2019).

In contrast, Okuwadamisi (2021) examines the effect of board characteristic on financial performance of quoted agricultural firms in Nigeria. The study result established that board gender has no significant effect on the financial performance of quoted agricultural firms during the period understudied. In the same direction, Jibril and Maikano (2022) and Jibril, Isa, *et al.* (2023) found no relation between female on board and disclosure requirement. Based on the ongoing discussion therefore, the study hypotheses that:

H_{O4}: Board gender diversity does not have significant impact on financial performance of listed consumer sector in Nigeria.

Stakeholders Theory

Incorporates corporate accountability to a broad range of stakeholders not necessarily shareholders per se (Freeman *et al.*, 2014). These groups include the women and other minorities, customers, governmental bodies. Nevertheless, stakeholders' approach to corporate governance implies a shift in the traditional role of the board of directors, as a defender of shareholders interest alone, to a defender of all stakeholders' interest. Therefore, one can infer from the stakeholder theory that, it is not the interest of the shareholders alone that should be protected, but also that of women and other minority groups (racial, cultural, and ethnic minorities). In this regard however, a board is expected to use more diversified mechanisms to control and motivate the executives

3. METHODOLOGY

The population of the study comprises all the 20 consumer companies on the Nigerian Exchange Group as at 31th December, 2021. Census sampling technique





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will be used to select sample size for the study. Thus, the study will filter the sample firms using the following two-point filter. Thereafter, all firms that scaled the filter will be selected using census sampling. The two-point filter is as follows. Therefore, thirteen (13). The samples were selected using the following filter: (1) firms must be listed on or before 2011 because the scope of the study is from 2011 to 2021, and firm must be listed without being delisted within the period of study; (2) firms must have complete data for the study period that is 2011-2021.

Secondary data were used in this study. The secondary data were collected from the consumer sectors annual reports from the branch offices/headquarters of the companies via internet and some from Securities and Exchange Commission office here in Kano State. Table 1 shows the firms selected as sample size of the study while Table 2 presents the variables of the study and their measurements.

Table 1
Sample of the study

SN	Name of Firms
1	Cadbury Nig Plc
2	Champion Brew Plc
3	Dangote Sugar Refinery Plc
4	Flour Mills Plc
5	Golden Guinea Brew Plc
6	Guinness Nig Plc
7	Guinness Nig Plc
8	Honeywell flour mill Plc
9	International Breweries Plc
10	McNichols Plc
11	Multi-Trex Integrated Foods Plc
12	Nig Flour Mills Plc
13	Nestle Nigeria Plc



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Table 2 Variables of the Study and their Measurement

Variable	e Acrimony Measurement		Source	
Dependent:				
Return on Assets	ROA	Profit after taxation divided by total assets Tyas & Khafid, (2020).	Tyas & Khafid, (2020). Jibril <i>et al.</i> (2023)	
Independents:				
Board Size	BSIZE	Total number of board members	(Odewale, 2020; Uwuigbe & Ajibolade, 2013)	
Board Independent	BINDP	Proportion of independent non-executive directors on the board	(Allegrini & Greco, 2013; Odewale, 2020; Uwuigbe & Ajibolade, 2013)	
Board financial expertise	BFE	Number of directors with financial knowledge	Tyas & Khafid, (2020).	
Board gender diversity	BGD	percentage of women setting on the board	(Guping et al., 2020)	
Control:				
Age	Age	Number of years	(Bédard and Gendron, 2010)	
Firm size	FSIZE	Natural logarithm of total assets	Tsalavoutas and Dionysiou, 2014	

Source: literature review, 2022.

A multiple regression was applied to test the hypothesis based on the following model:

ROAit= α + β 1BINPit + + β 2BSIZEt + β 2BfEt+ β 4BGDVit + β 5FAGEit + β 6PROit+ ξ it......1

Where:

ROA= Return on Assets

 $\alpha = Constant$

 $\beta 0$ = Intercept estimates

BSIZE =Board Size (Total number of board members on the board)

BIND= Board independence (Proportion of independence and non-executive directors on the board)

BFE= Board financial Expertise (Number of directors with financial knowledge)

BGD= Board gender diversity (percentage of women setting on the board)

AGE = Liquidity (Number of years)

FSIZE = Firm Size (Natural logarithm of total assets)





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4. RESULTS AND DISCUSSION

Descriptive Statistics

The descriptive statistics of the data set from the sampled consumer goods in Nigeria are presented in Table 3 where the mean standard deviation, minimum and maximum values of the data for the variables used in the study are described.

Table 3
Descriptive statistics

Variable	Observations	Mean	Std. Dev.	Min	Max
ROA	143	0.077	0.258	-2.564	0.378
BSIZE	143	10.140	2.533	0.000	15.000
BIND	143	0.596	0.194	0.000	0.909
BFINEXP	143	2.783	1.708	0.000	6.000
WOMDIR	143	1.874	1.238	0.000	5.000
FIRMLEV	143	0.256	0.743	0.000	5.246
FSIZE	143	10.632	0.765	7.959	11.684

Source: STATA Output Result

From Table 3 above, the dependent variable is measured by Return on Asset (ROA). ROA measures the effectiveness of management in terms of use of net assets. The ROA has a minimum value of -2.5638 and a maximum of 0.3776. Meanwhile the mean return is 0.077083. This shows that on average, the consumer goods generated a return on asset employed of around 07%. The standard deviation of 0.2579078 indicates that the average value varies for the years under review as the standard deviation is not much far from the mean.

On the other hand, the independent variables are the measures of board independence include; Board size (BSIZE), Board Independence (BIND), Board Financial Expertise (BFINEX) while control variables are: Firm Leverage (FIRMLEV) and Firm size (FSIZE).

The mean value of the Board size (BSIZE) is 10.13986 with a standard deviation of 2.533164 and a minimum and maximum value of 0 and 15 respectively. The average value is somehow low when the maximum value is considered but it is also far from the minimum value. The standard deviation of 2.533164is far from the mean which shows that the average value varies for the years under review. The mean value of the Board Independence (BIND) is 0.595817 with a standard deviation of 0.1939835





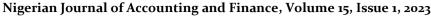
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and a minimum and maximum value of 0 and 0.9091. The average value is somehow low when the maximum value is considered but it is also very far from the minimum value. The standard deviation of 0.1939835 is very far from the mean which shows that the average value varies for the years under review. The mean value of the Board Financial Expertise (BFINEX) is 2.783217 with a standard deviation of 1.708058 and a minimum and maximum value of 0 and 6 respectively.

The mean value of the Women directors (WOMDIR) is 1.874126 with a standard deviation of 1.238281 and a minimum and maximum value of 0 and 5. The average value is somehow low when the maximum value is considered but it is also far from the minimum value. The standard deviation of 1.238281 is far from the mean which shows that the average value varies for the years under review. The mean value of the Firm Leverage (FIRMLEV) is 0.255557 with a standard deviation of 0.7429723 and a minimum and maximum value of 0 and 5.2456. The average value is somehow low when the maximum value is considered but it is also far from the minimum value. The standard deviation of 0.7429723 is far from the mean which shows that the average value varies for the years under review. The mean value of the Firm size (FSIZE) is 10.6316 with a standard deviation of 0.7651638 and a minimum and maximum value of 7.9586 and 11.6836. The average value is somehow low when the maximum value is considered but it is also far from the minimum value. The standard deviation of 0.7429723 is far from the mean which shows that the average value varies for the years under review

Correlation Result

The correlation matrix is used to determine the association between the variables of the study, Table 4 presents correlation values between dependent and independent variables and the correlation among the independent variables themselves. These values are generated from Pearson Correlation Output. The Table contains correlation matrix showing the Pearson correlation coefficients between the dependent and independent variables.





FSIZE

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0.4678

-0.3685

Table 4 Correlation Matrix							
	ROA	BSIZE	BIND	BFINEXP	WOMDIR	FIRMLEV	FSIZE
ROA	1.0000						
BSIZE	-0.1336	1.0000					
BIND	-0.1599	0.2589	1.0000)			
BFINEXP	0.3213	0.1519	-0.1473	1.0000)		
WOMDIR	0.2015	-0.0976	-0.2586	0.516	1.000	0	
FIRMLEV	-0.0905	-0.0322	0.1212	-0.3037	7 -0.279	7 1.000	00

Source: STATA Output Result

0.3844

0.3441

0.0544

Table 4 is the correlation matrix which shows the extent of the relationship between the explanatory variables and the dependent variable. The values of the correlation coefficient range from -1 to 1 which indicates the direction of the relationship (positive or negative), the absolute values of the correlation coefficient indicate the strength, with larger values indicating stronger relationships. The result reveals that three explanatory variables are negatively correlated with the return on asset (ROA) (move in the opposite direction) (BSIZE, BIND and FIRMLEV) while Board Financial Expertise (BFINEXP), Women Directors (WOMDIR) and Firm Size (FSIZE) which is positively correlated with the return on asset (ROA) (move in same direction).

0.6437

The figures reveal that the Board Size (BSIZE) is negatively correlated with Return on Asset as it gives a correlation figure of -0.1336. This means that for every increase in Return on Asset bye one is explain by decrease in Board size (BSIZE) by -0.1336. This is the same with board independence (BIND); decrease in number of independence directors by -0.1599 will increase the return on asset by one. The negative correlation of firm leverage (FIRMLEV) and return on asset by -0.0905, Return on Asset will decrease by one. Likewise there is positive correlation between Board Financial Expertise (BFINEXP) and the Return on Asset with the value of 0.3213, indicates that for every increase in Return on Asset is explain by increase in Board Financial Expertise by 0.3213. Also positive correlation between Women Directors (WOMDIR) and the Return on Asset with the value of 0.2015, indicate that an increase in number of Women Directors (WOMDIR) will cause an increase in the firm's Return on Asset by one (financial performance).



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Also, positive correlation between firm size (FSIZE) and the Return on Asset with the value of 0.3844, indicate that an increase in number of firm size will cause an increase in the firm's Return on Asset by one (financial performance).

Regression analysis

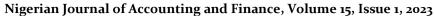
To evaluate Firm attribute and financial performance, we examine the correlation between variables which does not take full account of relationship between each variable. However, regression is run to take account of such relationship between variables, the model for the regression analysis is expressed in the general form as;

Table 5
Regression table

ROA	Coef.	Std.Err	Z-value	P-value	Conf.	(95%)	
BSIZE	-0.03114	0.00889	-3.50000	0.00000	-0.04857	-0.01371	
BIND	-0.21967	0.11060	-1.99000	0.04700	-0.43644	-0.00290	
BFINEXP	0.01563	0.01724	0.91000	0.36500	-0.01816	0.04942	
WOMDIR	-0.03579	0.02136	-1.68000	0.09400	-0.07764	0.00607	
FIRMLEV	0.04165	0.02792	1.49000	0.13600	-0.01308	0.09637	
FSIZE	0.19193	0.04070	4.72000	0.00000	0.11216	0.27171	
_cons	-1.50391	0.37602	-4.00000	0.00000	-2.24090	-0.76691	
R2					0.1818		
F-Value					0.0000		

Source: STATA Output Result

Table 5 reveal an R^2 value of 0.1818. The R^2 , which represents the coefficient of multiple determination implies that 18% of the total variation in the dependent variable (return on asset) of listed Consumer goods in Nigeria is jointly explained by the explanatory variables (BSIZE, BIND, BFINEXP, WOMDIR, FIRM LEVE and FSI). The F-statistics value of (Prob > F = 0.0000). Indicate that the model is fit to explain the relationship expressed in the study model and further suggests that the explanatory variable is property selected combined and used. The value of R^2 of 18.2% also shows that 82% of the variation in the dependent variable is explained by other factors not captured in the study model. This suggests that apart from audit quality, there are other factors that mitigate financial performance of listed Consumer Goods in Nigeria. The nature and extent of relationship between the dependent variable and each of the independent variables of the study in terms of coefficients, t-values and p-values are explained further.





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The model consist of dependent variable and explanatory variables (ROA). The impact of independent variable BSIZE, BIND, BFINEXP, WOMDIR) on dependent variables has a positive And Negative Relationship Form Our Result. The impact of independent variable (BSIZE) on dependent variable is also negative and significant with coefficient value of -0.03114 and significant with the value of 0.00000. therefore, Board size (BSIZE) as the p-value is less than 0.05. The findings of this study are consistent with Yermack (1996) and Bennedsen et al. (2013) as well as Cheng (2013) find a significant negative relationship between board size and firm performance. But Pathan and Skully (2016) find no significant relationship between board size and firms' performance. Furthermore, Sanda et al. (2016) find a significant nonlinear negative relationship between board size and firms' performance. This is in contrast to the findings of Adams and Mehran (2008), Zainal- Abidin et al. (2009), Olayinka (2010), Tornyeva and Wereko (2012b), and Najjar (2013) find a significant positive relationship between board size and firms' performance.

The impact of board independence (BIND) on ROA is negative with coefficient value of --0.21967 and significant with the value of 0.04700. The negative and insignificant impact between Board independence (BIND) and Return on Asset (ROA) (as the p-value is less than 0.05). This confirms the findings of Donaldson and Davis (1991), Adams and Mehran (2008), Erickson *et al.* (2005) and Pathan and Skully (2010), find no significant relationship between board independence and firms' performance.

The impact of independent variable (BFINEXP) on dependent variables is Positive with coefficient value of 0.01563 and insignificant with the value of 0.36500. The impact of independent variable (WOMDIR) on dependent variables is negative with coefficient value of -0.03579 and significant with the value of 0.09400. This result is found to similar with the findings of Adams and Ferreira (2009) in their study found that the average effect of women directors on firm performance is negative. This does not mean that there is no positive impact of having women on board of directors

The impact of independent variable (FIRMLEV) on dependent variable is positive with coefficient value of 0.04165 and significant with the value of 0.13600. The impact of independent variable (FSIZE) on dependent variables is Positive with coefficient value of 0.19193 and significant with the value of 0.0000.

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Decision on the Test of Hypothesis

Table 6 Hypotheses Decisions

Hypotheses	Sign	Remarks	
H ₀₁ : Board size (BSIZE) does not have significant impact of financial performance of listed consume firms in Nigeria.	-	Accept	
H ₀₂ : Board indolence (BIND) does not have significant impact of financial performance of listed consume firms in Nigeria.	-	Accept	
Ho3: Board Financial Expertise (BFINEXP) does not have significant impact of financial performance of listed consume	+	Reject	
firms in Nigeria. H ₀₄ : Board gender does not have significant impact of financial performance of listed consume firms in Nigeria.	-	Accept	

5. CONCLUSION AND RECOMMENDATION

Conclusions

From the result of the test of hypotheses, the following conclusions are drawn:

Board size influences positively the financial performance of listed consumer firms in Nigeria.

Board independence influences negatively the financial performance of listed consumer firms in Nigeria.

Increase in number of directors with higher education and experience influences positively the financial performance of listed consumer firms in Nigeria.

Women directors influence negatively the financial performance of listed consumer firms in Nigeria.

Recommendations

Based on the findings and conclusions made from this study, the following recommendations are made: That the management of consumer companies in Nigeria should increase the number of board of directors on board with higher educational qualifications to a certain number as they have skills, expertise, experience and would like to protect their integrity, reputation and professional competence with creativity and innovation to manage the relationship between the boards and

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stakeholders leading to an improvement in the consumer company's financial performance.

In line with the findings, the study recommended among others that listed insurance Firms in Nigeria should strictly comply with the provision of Companies and Allied Matters Act (CAMA) and SEC Code of Corporate Governance on the issues regarding Board of Directors.

Since it has been established that Board characteristics and financial performance of listed consumer firms in Nigeria have a significant impact in determining financial performance, the management of consumer companies should take appropriate measure in ensuring that the stock holders fund are properly structured in a manner that will contribute significantly to the survival of such companies.

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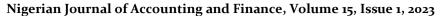


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