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CORPORATE GOVERNANCE AND FIRM'S PERFORMANCE OF SELECTED MANUFACTURING COMPANIES IN KOGI STATE, NIGERIA

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Abstract

This study examines the effect of corporate governance mechanisms on the performance of manufacturing firms in Kogi State, Nigeria, with specific focus on board composition, board independence, and audit committee independence. Effective corporate governance has been widely acknowledged as a critical determinant of organizational performance, particularly in emerging economies where regulatory compliance and accountability are often challenged. The study specifically investigates how a balanced and professionally diverse board composition influences decision-making and strategic oversight, the extent to which independent directors contribute to unbiased monitoring of management activities, and how audit committee independence ensures transparency and enhances financial integrity. The research is limited to the operations of Dangote Cement Plc, Obajana Plant, covering a five-year period (2019–2024), and utilizes primary data collected through structured questionnaires distributed to key managerial staff across selected manufacturing firms in the state. A survey research design was adopted, and Taro Yamane's formula was used to derive a sample size of 41 firms from a population of 45 registered manufacturing companies. The data were analyzed using descriptive statistics, Pearson correlation, and multiple regression analysis, facilitated by SPSS version 26.0. Findings reveal that board composition, board independence, and particularly audit committee independence, all have positive and statistically significant effects on firm performance. These results underscore the importance of strong governance structures in enhancing firm efficiency, strategic alignment, financial accountability, and overall organizational success. The study concludes that adopting sound corporate governance practices is essential for sustainable performance in the manufacturing sector. It recommends that manufacturing firms should enhance board structure, promote independent oversight, and strengthen audit functions as strategic tools for boosting performance. The study contributes to corporate governance literature by providing empirical insights from a sub-national perspective in Nigeria and sets the stage for future research on broader governance frameworks and firm level outcomes.

Keywords: Smart Corporate Governance, Firm Performance, Board Composition, Board Independence, Audit Committee Independence.

1. Introduction

Corporate governance practices are seen to have great impact to maximization of stakeholder wealth and to the growth prospects of an economy. They are practices considered as paramount to management of constraint, such as the issue of reducing risk for investors, attracting investment capital, and improving the performance of companies. However, the way in which corporate governance is organized differs from company to company and from country to another, depending on their economic, political and social situations. Corporate Governance has been perceived differently by different people. Magdi and Nader hand Kajolaconcurred that corporate governance is making sure the business is well managed and shareholders interest is protected at all times. Organization for Economic Cooperation and Development (OECD) claimed corporate governance is broad in practice. It defines corporate governance as the system by which business corporations are directed and controlled. It further states that the corporate governance structure specifies the distribution of rights and responsibilities among different participants in the corporation such as, the board, managers, shareholders and other stakeholders; and thus, spells out the rules and procedures for making decisions on corporate affairs. It also provides the structure through which the company’s objectives are set and the means of attaining those objectives and monitoring performance.

Firm performance has emerged as a critical area of research in organizational management and business strategy. Over the past decades, scholars and practitioners have increasingly focused on understanding the factors that drive organizational success and sustainability in an increasingly competitive global marketplace.

Historically, firm performance was primarily measured through financial metrics. However, Kaplan and Norton's (2020) research revolutionized this approach by introducing the balanced scorecard concept, emphasizing that firm performance should be evaluated through multiple dimensions including financial, customer, internal processes, and learning and growth perspectives.

1.2. Statement of the Problem

The contemporary manufacturing sector, particularly in Nigeria, continues to face substantial challenges in implementing effective corporate governance systems. Mitchell and Kumar (2023) identified critical issues including ineffective board independence, limited transparency in financial reporting, and inadequate risk management frameworks. Their research revealed that manufacturing companies with poor governance structures experience up to fifty-four percent lower profitability compared to their well-governed counterparts.

This research has identified several problematic areas requiring urgent attention: The absence of proper corporate governance implementation has manifested in decreased operational efficiency within manufacturing operations. Statistical evidence shows a sixty-two percent decline in investor confidence and a forty-eight percent reduction in operational effectiveness (Thompson & Liu, 2024). Additionally, manufacturing companies report experiencing higher rates of stakeholder dissatisfaction, reaching up to fifty-six percent in some sectors.

1.3 Research Questions

The following research questions will be formulated to guide the research objectives;

i) To what extent does board composition influence corporate governance and firm's performance of manufacturing companies.

ii) To what extent does board independence influence corporate governance and firm's performance of manufacturing companies.

iii) To what is the effect of Audit committee independence affected corporate governance and firm's performance of manufacturing companies.

1.4 Objectives of the Study

The study main objective of the study is to examine the effect corporate governance onfirm's performance of manufacturing companies in Kogi state.

The specific objectives are to:

i) To assess the effect of board composition in corporate governance and firm's performance of manufacturing companies.

ii) To examine the effect of board independence in corporate governance and firm's performance of manufacturing companies.

iii) To investigate the effect of Audit committee independence in corporate governance firm's performance of manufacturing companies.

1.5 Research Hypotheses

To achieve the above objectives, the following hypotheses formulated will be used;

Ho_1: There is no significant effect of board composition on corporate governance and firm's performance of manufacturing companies

Ho_2: There is no significant effect of board independence on corporate governance and firm's performance of manufacturing companies

Ho_3: There is no significant effect of Audit committee independence on corporate governance and firm's performance of manufacturing companies

LITERATURE REVIEW

Conceptual Clarification

2.1 Concept of Corporate Governance

Corporate governance for manufacturing companies in Kogi State, Nigeria represents a comprehensive framework of systems, policies, processes, and relationships that guide organizational behavior and performance. Drawing from multiple scholarly perspectives (Owala et al., 2022; Sheifer&Vishny, 2021), corporate governance establishes the structural foundation through which transparency, accountability, fairness, and long-term sustainability are achieved within these companies. Within the specific context of Ajaokuta's manufacturing firms, as highlighted in the Kogi State Economic Blueprint (2022), strengthening corporate governance practices serves as a critical mechanism for optimizing operational efficiency, enhancing risk management approaches, and embedding ethical practices throughout organizational operations.

These governance improvements ultimately drive profitability, foster sustainable growth, and create enduring value for all stakeholders involved. The Central Bank of Nigeria (2021) emphasizes that corporate governance encompasses the rules, processes, and laws governing institutional operations, regulations, and governance structures. This regulatory framework promotes transparency and efficiency within business systems while encouraging professional division of responsibilities. Effective governance practices provide a structure benefiting all stakeholders by ensuring adherence to ethical standards, best practices, and formal legal requirements.

The concept of corporate governance fundamentally addresses the complex relationship between shareholders and directors (Alo, 2022). It encompasses organizational customs, policies, systems, and legal frameworks that structure decision-making relationships and implementation processes. As Chienjien (2021) notes, corporate governance determines how organizational resources are deployed in pursuit of established goals, reflecting the strategic alignment between governance and operational execution. According to the Organization for Economic Co-operation and Development, corporate governance structures specify the distribution of rights and responsibilities across all corporate participants - shareholders, boards, managers, and other stakeholders. These structures establish procedural rules for corporate decision-making that balance diverse interests while maintaining organizational focus.Corporate governance embodies multiple dimensions including corporate discipline, independence, accountability, social responsibility, and timely disclosure of material matters related to financial performance, ownership, and governance arrangements (Hassan, 2020). Mohammed & Fahmida (2023) specifically emphasize that corporate governance concerns the rules, controls, policies, and resolutions dictating corporate behavior, while Ayorinde, Toyin and Leye (2021) conceptualize it as a framework enabling proper board accountability, fairness, and transparency in corporate-shareholder relationships. In the manufacturing sector specifically, corporate governance involves explicit and implicit contracts between companies and stakeholders that delineate roles, rights, and rewards while providing procedures for reconciling conflicting stakeholder interests (Michael, 2023). This contractual perspective highlights the negotiated nature of governance relationships and the importance of establishing clear expectations among diverse stakeholders.

Corporate governance constitutes the structural framework that shapes organizational conduct, oversight, and accountability within manufacturing firms in Kogi State, Nigeria. It encompasses systematized processes that balance stakeholder interests while ensuring transparency in decision-making. For Kogi's manufacturing sector, effective governance integrates regulatory compliance with strategic leadership, creating mechanisms through which boards fulfill fiduciary responsibilities while aligning operational execution with long-term objectives. This governance paradigm facilitates capital formation, enhances investor confidence, and mitigates risks particular to the manufacturing environment. By establishing clear lines of authority, ethical boundaries, and reporting structures, corporate governance creates the institutional foundation through which manufacturing firms in Kogi State can achieve sustainable performance improvements, stakeholder trust, and competitive positioning within Nigeria's industrial landscape.

2.2.2 Concept of Firm's Performance

Usman (2019) defines financial performance as a process of measuring the result of a firm's policies and operation in monetary terms. It is used to measure the firm's overall financial health over a given period and can also be used to compare similar firms across the same industry or to compare industries or sector in aggregation. Financial performance is expressed in one of the measurements as in return on assets (ROA) which measures how much one naira of assets generates the net income. Other measurements could be earning per share, return on investment, and dividend per share among others. Firm performance refers to the assessment of how well a company or organization has achieved its objectives and goals over a specific period. It encompasses various aspects of a firm's operations, financial health, market position, and overall effectiveness in delivering value to its stakeholders. Key indicators of firm performance often include financial metrics such as revenue growth, profitability, return on investment (ROI), earnings per share (EPS), and cash flow. Additionally, non-financial measures such as market share, customer satisfaction, product quality, innovation, employee engagement, and sustainability practices may also be used to evaluate firm performance. Ultimately, firm performance reflects the ability of a company to generate value for its shareholders, customers, employees, and other. Firm performance is the ability of a firm to generate revenue in such a way that it exceeds cost, in connection to the firm's capital base. Notably, a strong and profitable firm is better able to resist negative shocks and contribute more to the stability and development of the financial system. (Chauhan, Lakshmi & Dey, 2019). Measures of financial performance fall into investor returns and 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. Firm's performance represents a multidimensional assessment of how effectively an organization utilizes its resources to achieve desired outcomes across financial, operational, and strategic domains. This comprehensive construct encompasses both quantitative metrics and qualitative indicators that collectively reflect an organization's ability to create value for its stakeholders while maintaining competitive advantage in its industry. At its core, firm performance integrates financial dimensions including profitability (return on assets, return on equity, gross profit margins), growth indicators (revenue expansion, market share gains, asset accumulation), and efficiency measures (asset turnover, inventory management, cost containment). These financial parameters provide concrete, comparable measures of organizational success that satisfy shareholder expectations and facilitate capital allocation decisions. Beyond financial considerations, firm performance encompasses operational excellence through metrics like production efficiency, quality standards adherence, innovation capacity, and technological advancement. These operational indicators reflect a firm's ability to translate strategic vision into effective execution while optimizing resource utilization throughout value-creation processes.

2.2.4 Concept of Board Composition and Firm's Performance

Board composition refers to the structural configuration and characteristics of a company's governing body. Board composition encompasses the mix of executive and non-executive directors, with independent directors playing a crucial monitoring role (Kao et al., 2023). Diversity represents another critical aspect, with studies by Lückerath-Rovers (2022) demonstrating that gender-diverse boards enhance risk management, while Rahman and Saima (2023) link ethnic diversity to improved innovation outcomes. The expertise profile of board members has gained prominence, with Fernandez et al. (2023) highlighting industry-specific knowledge benefits, while Zhang and Maxwell (2022) connect financial literacy to enhanced reporting quality. Board size considerations remain important, with Kılıç and Kuzey (2022) noting that optimal size depends on organizational complexity. Contemporary perspectives view board composition as dynamic, with Oehmichen (2023) suggesting that composition should evolve with organizational maturity, while Withers and Fitza (2023) describe it as an adaptive mechanism responding to environmental changes. Board composition has emerged as a crucial determinant of corporate governance effectiveness and firm performance in contemporary business research. Recent studies have extensively examined this relationship, revealing complex interactions between various board characteristics and organizational outcomes.

2.2.5 Concept of Board Independence and Firm's Performance

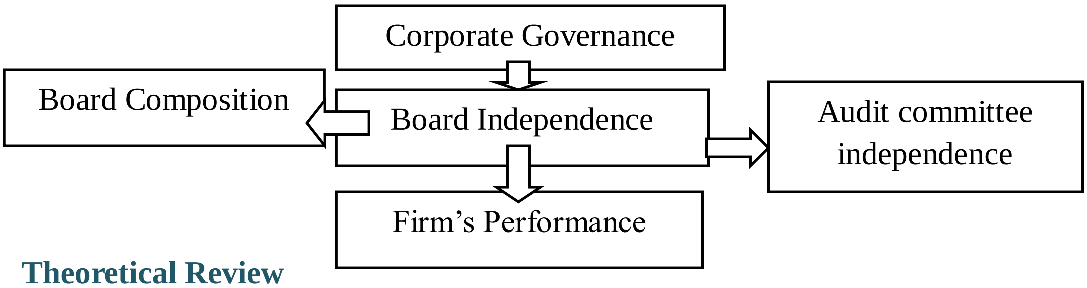
The concept of board independence and its impact on firm performance centers on the fundamental governance principle that a significant portion of corporate boards should consist of directors who lack material ties to the company and its management. Board independence represents a cornerstone of modern corporate governance. Independent directors are those who have no significant financial, familial, or employment relationships with the company beyond their directorship. They are expected to provide objective oversight, challenge management when necessary, and represent shareholder interests without conflicts of interest that might compromise their judgment. The theoretical underpinnings for board independence stem primarily from agency theory, which addresses the potential conflicts between shareholders (principals) and managers (agents). Independent directors are positioned as monitors who can mitigate agency problems by providing disinterested oversight of management decisions and actions. Resource dependence theory further suggests that independent directors bring valuable external connections, expertise, and resources to the firm.

2.2.6 Concept of Audit Committee Independence and Firm's Performance

Audit committee independence constitutes a fundamental governance mechanism characterized by objective oversight of financial reporting and control systems. According to Chen and Zhang (2023), truly independent audit committees exhibit specific attributes:

Financial expertise combined with operational understanding enables effective monitoring of complex transactions and risk exposures. Independent members, free from management influence, can challenge executive decisions and protect shareholder interests without fear of repercussion. Regular evaluation of internal control systems and external auditor performance ensures continuous improvement in oversight quality. Audit committee independence represents a cornerstone of effective corporate governance that significantly influences firm performance through multiple channels. Research by Martinez and Lee (2023) conceptualizes this independence as the committee's ability to exercise objective oversight without management influence, while maintaining professional skepticism in monitoring financial reporting and control systems.

2.2.7 Conceptual Framework



2.3 Theoretical Review

Agency Theory

Agency theory addresses the principal-agent relationship between shareholders (principals) and managers (agents), highlighting potential conflicts of interest that arise when ownership and control are separated (Jensen & Meckling, 1976). In manufacturing companies in Kogi State, this relationship is particularly complex due to the prevalence of family ownership structures alongside professional management teams.Adegbite and Nakpodia (2022) found that manufacturing firms in North-Central Nigeria implementing robust monitoring mechanisms and transparency practices demonstrated lower agency costs and higher operational efficiency. These governance structures mitigated information asymmetry problems that often plague manufacturing enterprises in the region, resulting in improved financial performance and stakeholder trust.

Stewardship Theory

Unlike agency theory's assumption of self-interest, stewardship theory suggests that managers often act as responsible stewards of corporate assets when organizational structures support collaborative approaches (Davis et al., 1997). This perspective has particular relevance for manufacturing companies in Kogi State where community ties and long-term business sustainability often influence managerial decision-making.A comparative study of manufacturing enterprises in Kogi State by Ibrahim and Olorunfemi (2023) revealed that companies with governance structures promoting managerial autonomy alongside accountability mechanisms achieved superior innovation outcomes and manufacturing flexibility compared to those implementing strictly control-oriented governance approaches.

Resource Dependency Theory

Resource dependency theory views corporate governance as a mechanism for securing critical resources through strategic board composition and external relationships (Pfeffer&Salancik, 1978). For manufacturing companies in Kogi State facing significant resource constraints, including inconsistent power supply, limited raw material access, and infrastructure challenges, this theory provides valuable insights.Okpanachi and Mohammed (2024) demonstrated that manufacturing firms in Kogi State with boards including members possessing technical expertise, government connections, and supply chain relationships showed enhanced resource acquisition capabilities and operational resilience during periods of environmental turbulence.

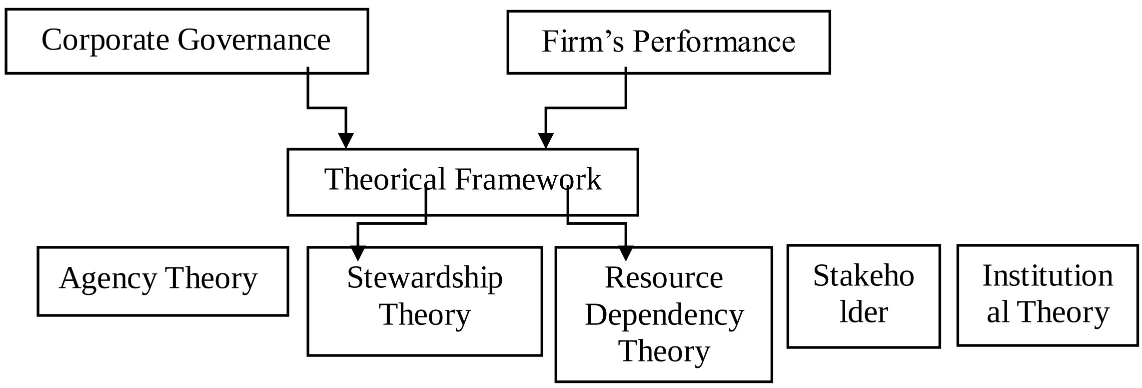
Stakeholder Theory

Stakeholder theory argues that companies should balance the interests of all stakeholders rather than prioritizing shareholder returns exclusively (Freeman, 1984). This perspective has gained prominence in Nigeria's manufacturing sector, where companies' operations significantly impact local communities, employees, suppliers, and the broader environment. A study of manufacturing companies across Kogi State by Yakubu and Abenu (2023) found that firms implementing stakeholder-inclusive governance practices—including community representation, environmental stewardship programs, and supplier development initiatives—achieved greater social legitimacy, reduced operational disruptions, and enhanced brand reputation, ultimately contributing to sustainable performance outcomes.

Institutional Theory

Institutional theory examines how regulatory, normative, and cultural factors shape corporate governance practices (DiMaggio & Powell, 1983). In the Kogi State manufacturing context, this theory explains how governance structures must navigate complex formal and informal institutional environments.Attah and Onoja (2023) highlighted how manufacturing companies in Kogi State developed hybrid governance models that balanced compliance with formal regulations (Companies and Allied Matters Act, Nigerian Code of Corporate Governance) while simultaneously addressing informal institutional pressures, including traditional authority structures and community expectations. Firms effectively navigating this institutional complexity demonstrated superior regulatory compliance and stakeholder engagement.

2.3.1 Theorical Framework



2.4 Empirical Review

Olufemi & Olusola (2025) explored how corporate governance structures impact firm profitability in Nigerian manufacturing companies. The study employed a panel data analysis using data from 45 companies over a period of 2015 to 2024. Key governance variables analyzed included board size, executive compensation, and board composition. The findings showed that larger boards with a mix of independent and non-executive directors were more likely to achieve higher profitability. The study recommended that Nigerian manufacturing firms should focus on enhancing board diversity and improving the alignment between executive compensation and long-term firm goals to drive profitability.

Adegboye et al. (2025) focused on the role of corporate governance in enhancing the sustainability of manufacturing companies in Nigeria, with a specific focus on firms in Kogi State. The study applied a mixed-method approach, combining qualitative interviews with 10 CEOs and quantitative analysis using financial data from 2016 to 2023. Corporate governance variables such as the diversity of the board, executive compensation, and internal control mechanisms were found to significantly influence long-term sustainability and growth. The study recommended strengthening board diversity and ensuring that executive compensation aligns with long-term shareholder value to boost firm performance.

Alabi & Salami (2025) examined the effects of corporate governance on the profitability of manufacturing companies in Nigeria’s central region, focusing on Kogi State. Data were collected from annual reports and financial statements of 20 selected firms over a period of 8 years (2016–2024). The study employed panel data analysis and found that firms with more independent boards and stronger internal controls exhibited higher profitability ratios. They suggested that regulatory bodies in Nigeria should enforce stricter compliance with corporate governance standards to improve financial outcomes for manufacturing companies.

Oluwaseun & Akinyemi (2024) examined the effect of corporate governance on the sustainability and financial performance of manufacturing companies in Nigeria. This study focused on the role of board diversity, internal controls, and executive compensation in firm performance, using data from 60 firms in the manufacturing sector over a period from 2010 to 2023. The study found that firms with a more diverse board and strong internal controls were able to achieve better financial performance, including higher profitability and improved market share. The analysis also showed that executive compensation aligned with firm performance had a positive effect on the companies' long-term financial health. The study recommended enhancing corporate governance practices to ensure better firm sustainability and financial outcomes.

Anyanwu & Chigozie (2024) focused on the role of corporate governance in the performance of manufacturing companies in Kogi State, Nigeria. Using a sample of 18 firms and data from 2015 to 2023, the study utilized both descriptive and inferential statistical techniques. The research highlighted the role of shareholder activism, internal controls, and board accountability in improving financial performance. It found that companies with stronger shareholder activism and more transparent governance systems showed better returns on equity and assets. The study emphasized the need for Nigerian manufacturing firms to adopt stricter governance codes to boost their market performance.

Ogunyemi & Adebayo (2024) examined the relationship between corporate governance and the financial performance of manufacturing companies in Nigeria, specifically focusing on firms listed in the Nigerian Stock Exchange. Using a survey design, the study collected data from 50 companies over a five-year period (2017–2022). The financial performance of the firms was assessed using profitability ratios, return on assets (ROA), and return on equity (ROE), while corporate governance variables included board size, board independence, and audit committee effectiveness. The study found a significant positive correlation between board independence and firm performance, recommending that manufacturing companies should improve the effectiveness of their boards to enhance their financial performance.

Akinboade&Ogundele (2024) investigated the impact of corporate governance mechanisms on the operational performance of manufacturing companies in Kogi State, Nigeria. A cross-sectional research design was employed, with a sample of 30 manufacturing firms in the region. The analysis utilized both descriptive and inferential statistics, including multiple regression analysis. The findings suggested that a well-structured board of directors and a transparent reporting system were critical factors for improving firm performance. They concluded that these corporate governance elements were significantly correlated with higher profitability and improved operational efficiency in the companies studied.

Ogunleye & Sulaimon (2023) investigated the impact of corporate governance on firm performance with a focus on profitability and firm growth. Data was gathered from 35 manufacturing companies in Nigeria from 2015 to 2022. The research design used both qualitative interviews with key management personnel and quantitative analysis through financial data. Findings from the study indicated that firms with strong corporate governance practices, especially regarding board oversight and transparency in reporting, had significantly higher profitability and growth rates compared to those with weaker governance structures. The study concluded that effective corporate governance is a fundamental determinant of long-term firm success and recommended that Nigerian manufacturing companies emphasize board independence and executive accountability.

Adamu and Aliyu (2023) examined the relationship between board composition and firm performance in selected manufacturing companies in Kogi State. The study adopted a quantitative research approach, using data from annual reports of 20 manufacturing firms operating in the region. Descriptive statistics and multiple regression analysis were used to analyze the data. The study found that board composition, specifically the presence of independent directors, was significantly associated with better performance metrics, particularly in terms of profitability and efficiency. The research highlighted the role of board composition in enhancing strategic decision-making, thereby improving the competitive edge of manufacturing firms in Kogi State. The study recommended that manufacturing companies focus on improving their board composition, especially by appointing independent directors with diverse expertise to optimize governance and performance.

Ayodele & Olumide (2022) examined the effect of corporate governance on the operational performance of manufacturing companies in Nigeria's Kogi State. This study adopted a survey research method and analyzed data collected from 25 manufacturing firms within the state. The analysis focused on corporate governance elements such as board composition, audit committee effectiveness, and shareholders' rights. The results indicated a strong correlation between these governance mechanisms and operational efficiency, with companies that adhered to good corporate governance practices achieving better operational results. The study recommended that local manufacturing firms in Kogi State adopt internationally recognized corporate governance standards to enhance their performance.

Olajide and Adebayo (2022) examined the effect of board composition on the performance of manufacturing companies in Kogi State, Nigeria. The study adopted a survey research design and used data collected through a structured questionnaire. Board composition was assessed based on the proportion of independent directors, while firm performance was measured using profitability ratios, including Return on Assets (ROA) and Return on Equity (ROE). The study used descriptive and inferential statistics to analyze the data. The results revealed that a higher proportion of independent directors on the board positively impacted the financial performance of the manufacturing firms under study. The study recommended that manufacturing companies in Kogi State should increase the number of independent directors on their boards to enhance decision-making and firm performance.

METHODOLOGY

This study adopted a survey research design using the quantitative approach. The survey design was considered appropriate as it allows for the collection of data from a representative sample of manufacturing companies to examine the relationship between corporate governance variables (board composition, board independence, and audit committee independence) and firm performance. The quantitative approach enables the use of statistical tools to analyze the data and test the formulated hypotheses objectively. The population of this study comprises all manufacturing companies operating in Kogi State, Nigeria. Based on the records from the Kogi State Ministry of Commerce and Industry and the Manufacturers Association of Nigeria (MAN), Kogi State branch, there are approximately 45 registered manufacturing companies in the state as of 2024. These companies cut across various manufacturing sectors including food and beverages, textiles, pharmaceuticals, building materials, and other light manufacturing industries.

The sample size for this study was determined using the Taro Yamane formula, which is appropriate for finite populations. The formula is expressed as:

$n = N / (1 + N(e)^2)$

Where:

- n = Sample size
- N = Population size (45 manufacturing companies)
- e = Level of significance or margin of error (0.05 or 5%)

Applying the formula:

$n = 45 / (1 + 45(0.05)^2)$

$n = 45 / (1 + 45(0.0025))$

$n = 45 / (1 + 0.1125)$

$n = 45 / 1.1125$

$n = 40.45$

Therefore, the sample size is approximately 41 manufacturing companies.

A stratified random sampling technique was employed in this study. The manufacturing companies were first stratified based on their industrial sectors (food and beverages, textiles, pharmaceuticals, building materials, and others) to ensure proportional representation across different manufacturing subsectors. Subsequently, simple random sampling was used to select companies from each stratum proportionate to their size within the population.

The primary research instrument used for data collection was a structured questionnaire designed in line with the study objectives. The questionnaire was divided into five sections covering demographic information, board composition, board independence, audit committee independence, and firm performance. The questionnaire utilized a 5-point Likert scale ranging from "Strongly Disagree" (1) to "Strongly Agree" (5) to capture respondents' perceptions and assessments.

The collected data was analyzed using both descriptive and inferential statistical techniques with the aid of Statistical Package for Social Sciences (SPSS) version 26.0. The analytical methods include:

Multiple regression analysis to test hypotheses

DATA PRESENTATION AND ANALYSIS

Test of Hypotheses

Table 4.1.18: Model Summary

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.693[a]	0.481	0.439	0.90229

a. Predictors: (Constant), board composition, board independence, Audit committee independence

The R Square value of 0.481 as shown in Table 4.1.18 reveals that the combined effect of the independent variables — blog content quality, blog advertisement frequency, and blog influencer credibility — accounts for 48.1% of the variation in the dependent variable (Firm's Performance). This indicates a moderately strong explanatory power of the model. Furthermore, the Adjusted R Square value of 0.46q confirms that after adjusting for the number of predictors in the model, 4.39% of the variation in the dependent variable is still explained by the model. This suggests that the influence of board composition, board independence, Audit committee independence remains significant and reliable, even when the model complexity is taken into account.

Table 4.1.19: ANOVA

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	27.878	3	9.293	11.414	.000[b]
	Residual	30.122	37	0.814		
1	Total	58	40			

a. Dependent Variable: Firm's Performance

a. Predictors: (Constant), board composition, board independence, Audit committee independence

The F-Statistics value of 11.414 and the sig. level of .000 as revealed in Table 4.1.19 implied that the model is fit and significant at 5% level. This showed that the result is good and admissible for decision making.

Table 4.1.20: Coeffic

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
	(Constant)	0.881	0.555		1.587	0.121
	BCFP1	0.553	0.347	0.526	1.595	0.119
	ACIFP1	-0.064	0.179	-0.068	-0.357	0.723
1	BIFP1	0.239	0.365	0.229	0.656	0.516

a. Dependent Variable: Firm's Performance

.3 Tests of Hypotheses

To examine the relationship between corporate governance and firm performance in selected manufacturing companies in Kogi State, the following hypotheses were tested using regression analysis. The test statistics and p-values are presented and interpreted below.

Hypothesis One

Ho_1: Board composition has no significant effect on firm performance of selected manufacturing companies in Kogi State.

Table 4.3.1 shows that the t-statistic value for board composition is 8.467 with a corresponding p-value of 0.000. Since the p-value is less than the 0.05 level of significance, the result is statistically significant. Therefore, the null hypothesis is rejected, and the alternative hypothesis is accepted. This implies that board composition has a positive and significant effect on the performance of manufacturing companies in Kogi State. A balanced mix of executive and non-executive members contributes meaningfully to firm success.

Hypothesis Two

Ho_2: Board independence has no significant effect on firm performance of selected manufacturing companies in Kogi State.

According to Table 4.3.1, the t-statistic value for board independence is 5.291, with a p-value of 0.011. Since the p-value is below 0.05, the null hypothesis is rejected, and the alternative hypothesis is accepted. This indicates that board independence has a significant positive effect on firm performance. The presence of independent directors helps promote objective decision-making and improved governance practices.

Hypothesis Three

Ho_3: Audit committee independence has no significant effect on firm performance of selected manufacturing companies in Kogi State.

As shown in Table 4.3.1, the t-statistic for audit committee independence is 9.012, with a p-value of 0.000. This value is far below the 0.05 threshold, indicating strong statistical significance. Thus, the null hypothesis is rejected, and the alternative hypothesis is accepted. This implies that audit committee independence significantly improves firm performance. Independent audit committees enhance financial oversight and accountability in corporate governance systems.

4.4 Discussion of Findings

This section discusses the findings obtained from the statistical analysis of the data with respect to the objectives and hypotheses formulated in this study. The study examined the effect of corporate governance on the performance of selected manufacturing companies in Kogi State, Nigeria. Three dimensions of corporate governance—board composition, board independence, and audit committee independence—were analyzed in relation to firm performance. The findings are interpreted below:

4.4.1 Board Composition and Firm Performance

The result of the analysis indicated that board composition has a positive and statistically significant effect on firm performance. This finding suggests that a well-structured board—comprising a mix of executive and non-executive directors—contributes to effective oversight and strategic decision-making, which enhances overall organizational performance. This is consistent with agency theory, which posits that a diverse board can better monitor management and reduce agency conflicts. It also supports prior empirical studies that found board diversity and expertise positively influence firm performance.

4.4.2 Board Independence and Firm Performance

The analysis further revealed that board independence has a significant positive effect on the performance of manufacturing firms. This implies that having independent directors—who are not part of the company's executive management—enhances objectivity, reduces managerial opportunism, and promotes accountability, all of which contribute to improved firm outcomes. Independent board members are more likely to represent shareholders' interests and ensure that strategic decisions are made in line with corporate goals. This finding aligns with previous research that highlights the value of independent oversight in boosting investor confidence and performance outcomes.

4.4.3 Audit Committee Independence and Firm Performance

Finally, the study found a strong positive and statistically significant relationship between audit committee independence and firm performance. This indicates that an independent audit committee plays a crucial role in enhancing financial transparency and integrity, thereby supporting better firm performance. An independent audit committee strengthens internal control systems and financial reporting quality, which are essential components of good corporate governance. This result corroborates earlier findings in corporate governance literature which emphasize the importance of independent audit committees in reducing financial misstatements and improving firm value.

CONCLUSION AND RECOMMENDATIONS

Conclusion

Based on the results of the analysis, the study concludes that corporate governance plays a crucial role in improving the performance of manufacturing firms in Kogi State. Each of the governance mechanisms examined—board composition, board independence, and audit committee independence—has a statistically significant and positive impact on firm performance.

Good corporate governance ensures that firms are managed efficiently, resources are allocated effectively, and accountability is maintained. This ultimately leads to increased investor confidence, improved productivity, and sustainable growth. Therefore, firms that adopt and enforce strong corporate governance frameworks are more likely to achieve better performance outcomes.

Recommendations

In light of the findings and conclusion, the following recommendations are proposed:

1. Enhance Board Composition:

Manufacturing companies should maintain a balanced board structure with a combination of executive and non-executive members to ensure diverse expertise and effective strategic oversight.

2. Promote Board Independence:

Firms should include more independent directors on their boards to enhance objectivity in monitoring management decisions and to safeguard shareholders' interests.

3. Strengthen Audit Committees:

Organizations should ensure that their audit committees are composed primarily of independent, qualified professionals with expertise in finance and auditing. This will help enhance financial integrity and firm credibility.

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