Board Characteristics and Financial Performance of Conglomerates in Nigeria

Augustine O. Okolie and Juliet C. Uwejeyan

ABSTRACT

This study explores the influence of corporate board attributes on the financial performance of conglomerates in Nigeria. Board Size, Board Independence, Board Committees, Board Meetings, and Board Shareholdings served as indicators of board characteristics, while financial performance was measured by Return on Assets (ROA). As a consequence of the 10-year study period from 2011 to 2020, a sample of five quoted conglomerates was selected. Secondary data were obtained from the annual reports of the selected conglomerates using an ex-post facto research design. The regression method employed was panel data regression. The findings demonstrate that the size, independence, and stock holdings of the board and audit committee had a considerable effect on the financial performance of conglomerates in Nigeria. However, board meetings did not show any significant influence on the financial performance of Conglomerates in Nigeria. The study recommends reasonable synergy between board members and owners to maintain a reasonable board size, accountability, transparency, and teamwork in order to sustain board independence as an instrument or influence on the financial performance of conglomerates in Nigeria. At the same time and reduce the frequency of holding board meetings in order to minimize its adverse effects on the financial performance of conglomerates in Nigeria.

Keywords: Board Committees, Board Independence, Board Meetings, Board Shareholdings, Board Size, Financial Performance.

I. INTRODUCTION

The contemporary business techniques and the upwardly growing global trends in business across the corporate world vis-à-vis the separation between ownership and control has animated some debates concerning the relationship between Firm Attributes and Financial Performance of conglomerates. Ehugbo (2021) maintains that the global trend has raised investors' quest for the examination of firms' strength as a prelude to investment and assurance of the safety of investment and long-term financial stability of the firm. Abu, Arumona, and Uchenna (2016) has proved that no firm is too large to face possible collapse in all corporate and governance concerns and hence, the recent corporate collapses of various once famous prestigious firms around the world.

The major signs of poor corporate governance culture and the major global corporate tragedies have been shown to include poor management, fraud and insider abuse by management and board members, poor asset and liability management, and poor rules and monitoring (Abdullah, Zaleha Zakiah Muhammadan, & Azlina, 2015). The well-known Enron case in the United States, the financial crisis in Southeast Asia, Parmalat in Italy, HIH, Tel in Australia, and a few other cases demonstrate the necessity for good governance in both the public and private sectors of the economy (Oyedokun, 2019).

Nigerian business environment has experienced major changes in board size, board structure, ownership structure, and financial disclosures since the current corporate governance legislation (Onuorah & Imene, 2016). Di-Biase and Onorato (2021) believe that previous failures in most of the industries were prompted by a lack of effective governance occasioned by unsound boards in the presence of and accompanied by other factors that contributed to business space instability and corporate collapses in Nigeria. The qualities of the board of directors might also have seemingly substantial consequences on company performances since the board of directors represents the highest governing organ of the firm.

As the highest governing organ, the board of directors’ primary responsibility is the protection of shareholders' interests accompanied by earnings generation, oversight and prevention of financial distress, etc. The implication is that the board of directors is involved in the strategy development process with unrestricted access to the information required for the effective performance of the oversight duties (Haris, Yao, Tariq, Javaid & Ul-Ain, 2019). There appears to have been a greater focus on boards’ demonstration of value adding activities to their companies.

The debate on corporate governance failures in Nigeria became heated up by the recent Cadbury Nigeria Plc scandal which exposed and brought to the issues fore. Other issues include Board members' lack of comprehension; thus, raising a question over the effectiveness of Nigerian company boards and individual directors. Further issues are brought about by the mixed outcome of previous studies in and outside Nigeria; thus, necessitating and justifying the need for undergoing more investigations into the subject area.
The major objective of this study is to investigate the effects of corporate board characteristics on the financial performance of listed conglomerate firms in Nigeria. This is conducted by examining the effect of board size on the return on assets of listed conglomerates in Nigeria; the effect of board independence on the return on assets of listed conglomerates in Nigeria; the effect of the board committee on return on assets of listed conglomerates in Nigeria; the effect of the board meeting on return on asset of listed conglomerates in Nigeria; the effect of board shareholdings on return on asset of listed conglomerates in Nigeria.

II. LITERATURE REVIEW

Corporate board characteristics transmit and transcend every attribute and feature of a firm’s board that permits the successful and efficient pursuit of the interests of the various stakeholders. The efficiency or effectiveness of the board is evaluated using both quantitative and intangible variables. The quantitative variables include board size, board independence, board shareholdings, board frequency of meetings, board gender diversity, and board membership competence. On the other hand, the qualitative or intangible variables include quality decisions, production of positive values, etc. (Kamaludin, Ibrahim & Sundarasen, 2020). A company’s board of directors is made up of directors appointed by the shareholders to oversee the firm’s assets and accomplish its objectives. Lin, Luo, and Tang (2015) believe that this contract is comparable to an agency contract because the investors are the principals who hire the directors to make decisions in their best interests. The purpose of the investors is to maximize profit while equally ensuring the company’s continued existence.

A firm’s success must be measured in various ways or approaches for evaluating the company. Financial measures in particular are earnings return related and come mostly as profit after tax (PAT), return on equity (ROE), return on assets (ROA), return on capital employed (ROCE), return on working capital (ROWC), among others. Non-financial measures are measures that are not related to profit or earnings returns but are indicators of good performance and present mostly as the volume of customers, customer base, etc among other things. Prior studies on corporate governance have evaluated firm performances using a range of indicators. Akinyomi and Olutoye (2015), Ogege and Boloupremo (2014), Ayorinde, Toyin, and Leye (2012), among others, employed return on assets (ROA) as a firm performance metric.

However, other studies have used either the return on equity (ROE) or the return on assets (ROA), but for the purposes of this study, firm performance has been captured from the financial perspective of the Return on Assets (ROA), which allows investors to assess how effectively the board and management team manage resources to generate income for the firm.

A. Conceptual Linkages and Research Hypotheses Development

The linkages between the dependent variables and the determining variables used to explain variations in the dependent variables are discussed below in order to derive the testable hypotheses contained in this study.

1) Board Size and Firm Performance

Board size consists of and describes the number of directors of a company. It is expected that the size of the board could have a significant impact on the performance of companies generally. How board size affects the firms’ performance has centered on the choice between the small board size and the large board size. There appears to be a continuing debate and different opinions concerning which board size is better.

Al-Said (2021) maintains that firms with small board size experience outstanding performance than firms with large board size because firms with large board size are more prone to poor communication and slow decision making than firms with small board size; firms with large board size are ineffective and are easier for CEOs to control unjustly; The cost of coordinating and processing issues is also high in large boards and this makes decision making difficult; Smaller boards reduce the possibility of free-riding and have the tendency of enhancing the value of the firm.

Fig. 1. Relationship between Board Characteristics and Financial Performance. Source: Researcher’s Model, 2022.
Dzingai and Fakoya (2017) argue that a large board: is overcrowded and cannot provide for the input of each member; is less organized and unable to reach a decisive conclusion on time. The study measured the board size by the number of directors serving on the board and expected this to have a negative relationship with financial performance. As the size of the board increases, interpersonal communication becomes less effective; problems of communication and coordination manifest and develop factions and conflict. These issues tend to affect firm performance (Emeka & Alem, 2016).

The major implication of the above discussion is that the effect of board size on firm performance cannot be overemphasized. The explanations provided about board size relate to corporate performance being a function of the size of the board of a company. The first hypothesis of this study is deduced as follows:

**H01:** A firm’s board size has no significant effects on the return on assets of listed conglomerates in Nigeria.

2) **Board Independence and Firm Performance**

Board independence finds a locale within the domain of corporate governance to define and describe the ability of non-executive (independent) directors to make right and untainted decisions. Such decisions concern particular matters devoid of undue influence of vested interests of other stakeholders of the firm including executive directors, trade unions or middle level management. Al-said (2021) believes that the non-executive directors on the board will not be able to exercise their duties effectively unless they are independent of management and ensure they provide impartial business judgment. Independent directors are persons entrusted by shareholders to represent them and will help to reduce agency problems.

Uche (2017) has posited that the key rationale for low returns, unreported losses, high non-performing loan cases, over domineering executive management, contravention of regulatory guidelines, and weakening of shareholders of firms in Nigeria is the failure of most Nigerian firms’ board of directors to carry out oversight function.

The second hypothesis of this study is therefore deduced as follows:

**H02:** Board independence has no significant effects on the return on assets of listed conglomerates in Nigeria.

3) **Board Committee and Firm Performance**

An effective board committee is apparently instrumental to the determination of firm’s performance. This is premised on the boardroom being perceived as the major abode or power house of every organization and discussion reached by the board directly determines the performance of the firm. It is expedient that each member of the board committees of the firm reviews the financial reports at regular intervals and each member is expected to eschew corrupt tendencies and exhibit honesty and transparency in all committee matters (Al-said, 2021). On these premises, the study proposes a third hypothesis as follows:

**H03:** Board committees have no significant influence on return on assets of listed conglomerates in Nigeria.

4) **Board Meetings and Firm Performance**

Board Meetings consider the frequency of meetings of the board of directors of a company held within a period. As a proxy, a board meeting is a measure of a firm’s board effectiveness. The number of meetings held determines critical issues bothering on the firm’s performance that are addressed. Extant studies indicate that firms that arrange frequent board meetings face lesser earnings management challenges (Dzingai & Fakoya, 2017). The study, therefore, proposes that:

**H04:** Board meetings do not have a significant influence on the return on assets of listed conglomerates in Nigeria.

5) **Board Shareholding and Firm Performance**

Board shareholding is a construct that defines the proportion of voting shares to controlling shares of a company. Board shareholding can be assumed to be the presence of block holders, ownership concentration, managerial ownership, director ownership, family ownership, or institutional ownership. In view of the above, board shareholding is a recognized instrument for determining cash-flow rights and voting power. Board shareholding may lower firm performance in a situation where the rights of the minority shareholders are expropriated (Oyergoba, Memba & Riro, 2016). On the basis of this, the fifth hypothesis is formulated as follows:

**H05:** Board shareholdings have no significant effects on the return on assets of listed conglomerates in Nigeria.

B. **Theoretical foundation**

The agency and stakeholder theories are used to underpin this study. The agency theory is typified by the character of the relationship and series of contracts between the principal and the agent (Ross, 1973; Jensen & Meckling, 1976). An association between two parties, one of whom is a principal and the other an agent who represents the principle in a transaction with a third party describes an agency relationship. The connection between a firm’s shareholders and members of the board of directors is by comparison an agent – principal relationship in which the shareholders who are the owners of the firms are the principal and the board of directors is the agent.

Concerns about a company's stakeholders are a prominent rationale behind the stakeholder theory. The theory states that a company is expected to establish a balance between the varied interests of its various stakeholders in order to ensure that each group receives some degree of attention and pleasure (Abrams, 1951). The board of directors, according to the Stakeholder theory, is responsible to a broader variety of stakeholders than just the shareholders. Any individual or group that can influence or be influenced by a company's conduct is a stakeholder. Employees, customers, suppliers, creditors, as well as the general public and rivals, are all stakeholders to the company.
C. Prior Empirical Literature

Al-said (2021) studied the effects of board independence on firm performance in Kuwait from 2000 to 2019. The study adopted both the OLS estimates and two-stage least squares. The study reported that board independence affects firm performance negatively.

Ibrahim, Adesina, Olufowobi, and Ayinde (2018) examined the influence of corporate governance on the return on assets of quoted banks in Nigeria from 2013 to 2017. Data were sourced from selected Annual Report and Accounts of three quoted banks in Nigeria. The study used the OLS estimates. The results show that the proportion of shareholders more than 10,001 shares, board composition, Board size and bank size exert a positive and considerable relevance to return on assets of quoted banks in Nigeria. The study submitted that the board of directors’ size of quoted banks in Nigeria should not be too large and must be meeting regularly to effectively and efficiently carry out their oversight functions and responsibilities.

Okoye, Adedayo, Ahmed, and Isibor (2017) conducted a study on the connection between corporate governance and the financial viability of microfinance institutions in Nigeria from 2011 to 2015. In Nigeria, the study focused solely on the national and state categories of microfinance banks. Only board size has a favorable link with financial sustainability, according to the findings.

Dzingai and Fakoya (2017) assessed the effect of corporate governance structures on firm financial performance in Johannesburg Stock Exchange (JSE) from 2010–2015. The paper used panel data analysis. Variables considered include board independence, the board size, and ROE. The study observed a weak negative correlation between board size and ROE but positive correlation between ROE and board independence. The study reported that effective corporate governance through a small effective board and monitoring by an independent board result in an increased firm financial performance.

Similarly, Emeka and Alem, (2016) investigated the effects of Corporate Governance on Bank’s Financial Performance in Nigeria from 2004–2013. The study observed that the relative size of non-executive directors and the board size have a positive influence on return on investment.

Oyerogba, Memb and Riro (2016) studied the impact of board size on the profitability of 70 listed firms in Nigeria from 2004 to 2013. Board size, firm size and firm age were variables considered to explain the changes in return on capital employed of the selected companies. The study extracted data from the audited financial statements of the sampled firms. The study used the multivariate analysis and reported that board size, firm size, and firm age have significant positive effects on the financial performance of sampled firms over the studied periods.

Torea, Feijoo and Cuesta (2016) conducted a study on board of directors’ effectiveness and the shareholder perspective of corporate board composition. The study measured board effectiveness from shareholders’ viewpoint using board independence, female director index, directors’ experience, board meetings attended, board committees as measures for corporate board composition. The study indicated that board effectiveness positively influences the transparency of sustainability reports. The study concludes that board effectiveness, from the perspective of shareholders on board dynamism, remains equally a valid construct from the stakeholder perspective. This implies that board effectiveness may protect, preserve, and guarantee shareholders’ value while satisfying other stakeholders in the firm.

Kamrujjaman and Obaidullah (2016) studied board composition and its impact on the financial performance of publicly traded companies. An extensive and conscious relationship between the regular individuals on the board was advocated.

A study on corporate governance and company performance: evidence from Pakistan's textile sector was undertaken by Akbar (2016). The study was aimed at determining the connection between three key corporate governance mechanisms (board independence, board size, and board meetings) and two company performance indicators (return on assets and returns on equity). The outcome of the multiple regression analyses indicates a positive link between Ownership concentration and firm performance proxies, whereas board size showed a positive and substantial relationship with ROA.

D. Gap in Literature

The extant empirical literature above revealed a number of existing studies on the subject matter across different countries, regions, sectors, and time periods. However, the widely conflicting and mixed outcomes mean that the issues have not been adequately resolved. Board shareholding in particular appears as a critical board characteristic that has not gained much attention and sufficient recognition despite the plethora of extant studies on the subject matter. The current study is aimed at filling up the apparent gap in the literature by including board shareholding into the model. The study also makes a difference by focusing on conglomerate firms in Nigeria unlike the previous extant studies reviewed.

III. Method of Data Collection

The study was conducted using an ex-post facto research design. Secondary data were obtained from all quoted companies that were traded on the Nigerian Stock Exchange (NSE) across a ten-year period from 2011 to 2020. As of December 2020, there were five (5) publicly traded conglomerate companies. To determine and analyze the impact of board features on the financial performance of listed conglomerates in Nigeria, the data were analyzed using panel regression model (Fixed Effect) using E-View 9. The fixed effect and random effect models were used to validate the study (panel regression models).

A. Model Specification

The model for this study expresses ROA as a function of board characteristics proxies. Adapted from the studies of Al-said (2021) and Ibrahim, Adesina, Olufowobi, and Ayinde (2018), the model explicitly is presented below:

\[ \text{ROA} = f(\text{board characteristics}) \]
where

\[ ROA = \text{Return on Asset}; \]
\[ F = \text{Function}. \]

Econometrically, the model is restated as:

\[ ROA = \beta_0 + \beta_1 \text{BRDZ} + \beta_2 \text{BRDN} + \beta_3 \text{BRDC} + \beta_4 \text{BRDM} + \beta_5 \text{BRDE} + \mu \tag{2} \]

where

\( \beta_0 = \text{constant}; \)
\( \beta_1 - \beta_5 = \text{parameter estimates}; \)
\( \mu = \text{error term}; \)
\( \text{BRDZ} = \text{Board Size}; \)
\( \text{BRDN} = \text{Board Independence}; \)
\( \text{BRDC} = \text{Board Committee}; \)
\( \text{BRDM} = \text{Board Meetings}; \)
\( \text{BRDE} = \text{Board Shareholdings}. \)

### TABLE I: MEASUREMENT OF THE STUDY VARIABLES

<table>
<thead>
<tr>
<th>Variable</th>
<th>Denotation</th>
<th>Nature of Variable</th>
<th>Apriori Expectation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Return on Asset</td>
<td>ROA</td>
<td>Proportion of Net income to total asset</td>
<td>Nil</td>
</tr>
<tr>
<td>Board Size</td>
<td>BRDZ</td>
<td>Numbers of Directors in the board</td>
<td>Positive</td>
</tr>
<tr>
<td>Board Independence</td>
<td>BRDN</td>
<td>Ratio of non-executive directors to total numbers of directors</td>
<td>Positive</td>
</tr>
<tr>
<td>Board Committees</td>
<td>BRDC</td>
<td>Assign 1 if there is audit committee otherwise assign 0 if there is none</td>
<td>Positive</td>
</tr>
<tr>
<td>Board Meetings</td>
<td>BRDM</td>
<td>Frequency of meetings annually</td>
<td>Negative</td>
</tr>
<tr>
<td>Board Shareholding</td>
<td>BRDE</td>
<td>proportion of shareholders more than 10,001 shareholding</td>
<td>Positive</td>
</tr>
</tbody>
</table>

Source: Researcher’s Compilation, 2022.

### B. Results and Discussions

This study adopted panel regression techniques. However, prior to the regression result proper, the study subjected the model to the following robustness checks:

- The p-value is 0.4586, as shown in Table II. The null hypothesis that “there is no serial correlation of residuals” is therefore accepted because this value is greater than 0.05.

### TABLE II: CORRELATION LM TEST

<table>
<thead>
<tr>
<th>Variable</th>
<th>Coeff.</th>
<th>Unc.</th>
<th>Cent.</th>
</tr>
</thead>
<tbody>
<tr>
<td>ROA</td>
<td>0.687444</td>
<td>0.5077</td>
<td>F(2,48)</td>
</tr>
<tr>
<td>Obs*R-squared</td>
<td>1.595371</td>
<td>0.4586</td>
<td>Prob. Chi-Square(2)</td>
</tr>
</tbody>
</table>

Source: Eviews 9.0 Output 2022.

Table III shows that the predictor variables are unconcerned with multicollinearity. This is the case since the tolerance values are always less than 1 and the VIF values are always less than 10.

### TABLE III: MULTICOLLINEARITY TEST

<table>
<thead>
<tr>
<th>Variable</th>
<th>Coeff.</th>
<th>Unc.</th>
<th>Cent.</th>
</tr>
</thead>
<tbody>
<tr>
<td>C</td>
<td>33.48365</td>
<td>979.0554</td>
<td>NA</td>
</tr>
<tr>
<td>BRDZ</td>
<td>0.006044</td>
<td>39.64335</td>
<td>1.661574</td>
</tr>
<tr>
<td>BRDN</td>
<td>0.000403</td>
<td>44.33029</td>
<td>1.640526</td>
</tr>
<tr>
<td>BRDC</td>
<td>0.000047</td>
<td>4.582496</td>
<td>1.087419</td>
</tr>
<tr>
<td>BRDM</td>
<td>0.008330</td>
<td>9.429358</td>
<td>1.073664</td>
</tr>
<tr>
<td>BRDE</td>
<td>0.027064</td>
<td>950.6137</td>
<td>1.040135</td>
</tr>
</tbody>
</table>

Source: Eviews 9.0 Output 2022.

Table IV shows that the Prob. Chi-square for the White Test is 0.2309. The null hypothesis that the residuals are homoscedastic is therefore accepted because this is greater than 0.05. This means that the error term’s variance is constant, indicating that there is no Heteroskedasticity.

### TABLE IV: HETEROSKEDASTICITY TEST

<table>
<thead>
<tr>
<th>No.</th>
<th>Prob.</th>
</tr>
</thead>
<tbody>
<tr>
<td>F-statistic</td>
<td>1.396975</td>
</tr>
<tr>
<td>Obs*R-squared</td>
<td>6.864155</td>
</tr>
<tr>
<td>Scaled explained SS</td>
<td>10.76895</td>
</tr>
</tbody>
</table>

Source: Eviews 9.0 Output 2022.

### C. Regression Result

Having ascertained that the model is fit and valid for prediction, Table V below attests for the panel estimates:

### TABLE V: PANEL ESTIMATES-RANDOM EFFECT MODEL AND HAUSMAN TEST

<table>
<thead>
<tr>
<th>Variable</th>
<th>Coefficient</th>
<th>Std. Error</th>
<th>t-Statistic</th>
<th>Prob.</th>
</tr>
</thead>
<tbody>
<tr>
<td>C</td>
<td>12.32253</td>
<td>5.095684</td>
<td>2.418153</td>
<td>0.0188</td>
</tr>
<tr>
<td>BRDZ</td>
<td>0.029058</td>
<td>0.071394</td>
<td>0.047009</td>
<td>0.0055</td>
</tr>
<tr>
<td>BRDN</td>
<td>0.066886</td>
<td>0.018177</td>
<td>0.378838</td>
<td>0.0062</td>
</tr>
<tr>
<td>BRDC</td>
<td>0.036958</td>
<td>0.018335</td>
<td>2.015759</td>
<td>0.0485</td>
</tr>
<tr>
<td>BRDM</td>
<td>-0.244746</td>
<td>0.083674</td>
<td>-2.925001</td>
<td>0.0049</td>
</tr>
<tr>
<td>BRDE</td>
<td>0.726706</td>
<td>0.234917</td>
<td>3.093455</td>
<td>0.0031</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Effects Specification</th>
<th>S.D.</th>
<th>Rho</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cross-section random</td>
<td>0.405538</td>
<td>0.0964</td>
</tr>
<tr>
<td>Idiosyncratic random</td>
<td>1.241948</td>
<td>0.9036</td>
</tr>
</tbody>
</table>

#### Weighted Statistics

- R-squared: 0.886114, Mean dependent var: 1.169561
- Adjusted R-squared: 0.823492, S.D. dependent var: 1.430463
- S.E. of regression: 1.264080, Sum squared resid: 91.08026
- F-statistic: 4.568928, Durbin-Watson stat: 1.986766
- Prob(F-statistic): 0.001424

#### Unweighted Statistics

- R-squared: 0.930528, Mean dependent var: 1.432222
- Sum squared resid: 99.21959, Durbin-Watson stat: 1.731988

#### Correlated Random Effects - Hausman Test

Equation: Untitled

- Cross-section random effects: 4.896623, Chi-Sq. d.f. 5, Prob. 0.6726

Source: Eviews 9.0 Output 2022.

The Hausman test above with a Chi-square value of 4.896623 and a probability value of 0.6726 suggests that the Random Effect model (REM) is most appropriate for this study. Evidently, the REM above with R-Squared value of 0.930528 affirms that the model reported high explanatory power, the Durbin Watson test is devoid of serial autocorrelation and the Prob. (F-statistic) estimated at 0.091424 is statistically significant.

### TABLE VI: SUMMARY OF TEST OF HYPOTHESES

<table>
<thead>
<tr>
<th>Testable Form</th>
<th>P-Value</th>
<th>Decision Rule</th>
<th>Conclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>BRDZ≠ROA</td>
<td>0.0055</td>
<td>Reject H0, if its P-value is &lt;5%, otherwise accept H0</td>
<td>Reject H2, if its P-value is &gt;5%</td>
</tr>
<tr>
<td>BRDN≠ROA</td>
<td>0.0062</td>
<td>Reject H0, if its P-value is &lt;5%, otherwise accept H0</td>
<td>Reject H2, if its P-value is &gt;5%</td>
</tr>
<tr>
<td>BRDC≠ROA</td>
<td>0.0485</td>
<td>Reject H0, if its P-value is &lt;5%, otherwise accept H0</td>
<td>Reject H3, if its P-value is &gt;5%</td>
</tr>
<tr>
<td>BRDM≠ROA</td>
<td>0.0012</td>
<td>Reject H0, if its P-value is &lt;5%, otherwise accept H0</td>
<td>Reject H4, if its P-value is &gt;5%</td>
</tr>
<tr>
<td>BRDE≠ROA</td>
<td>0.0001</td>
<td>Reject H0, if its P-value is &lt;5%, otherwise accept H0</td>
<td>Reject H5, if its P-value is &gt;5%</td>
</tr>
</tbody>
</table>

Source: Researchers’ Compilation Based on E-Views 9.0 Output (2022).
IV. DISCUSSION OF RESULTS

The coefficient of BRDZ is 0.029058 based on the regression results. This suggests that the size of a company's board of directors has a beneficial effect on its success in Nigeria. The p-value of 0.00550.05 for BRDZ indicates that high but reasonable board size has a substantial effect on listed conglomerate performances in Nigeria. BRDN has a coefficient of 0.066886 suggesting that board independence has a beneficial influence on the performance of Nigeria's publicly traded conglomerates. The p-value of 0.00620.05 for BRDN simply indicates that more board independence has a substantial effect on the performance of listed conglomerate in Nigeria.

The coefficient for BRDC is 0.036958, based on the regression results. This suggests that the inclusion of board committees has a beneficial consequence on the performance of Nigeria's publicly traded companies. The p-value of 0.04850.05 for BRDC simply suggests that the inclusion of a board committee has a significant impact on the performance of Nigerian quoted companies. BRDM has a coefficient of 0.244746 implying that board meetings in Nigeria have a negative influence on the performance of publicly traded conglomerates. The p-value of 0.00490.05 for BRDM simply suggests that board meetings have a significant effect on the performance of Nigeria's publicly traded companies.

Finally, the BRDE coefficient is 0.726706 suggesting that holding board equity has a beneficial effect on the performance of Nigerian quoted conglomerates. The p-value of 0.00310.05 for BRDE simply suggests that board equity has a significant influence on the performance of Nigerian quoted conglomerates.

V. SUMMARY OF FINDINGS

The followings are the major findings of the study:

i. Board size has a significant positive effect on the financial performance of quoted conglomerate firms in Nigeria;

ii. Board independence has a positive and significant influence on the financial performance of quoted conglomerate companies in Nigeria;

iii. Board committees have a positive and significant effect on the financial performance of quoted conglomerates in Nigeria;

iv. Board meetings have an inverse but significant relationship with the financial performance of quoted conglomerates in Nigeria; and

v. Board shareholdings have a positive and significant effect on the financial performance of quoted conglomerates in Nigeria.

VI. CONCLUSIONS

This study was used to confirm if the return on asset is influenced by board characteristics of listed conglomerates in Nigeria from 2011 to 2020. Specifically, the study focused on five (5) publicly traded conglomerate companies. Meanwhile, the study used the panel regression method supported with random effect model. From the results of the analyses, this study concludes that board size, board independence, board committees and board shareholdings are instrumental to the financial performance of quoted conglomerates in Nigeria.

VII. RECOMMENDATIONS

The following are recommended for necessary policy actions:

a) A reasonable board size of not more than seven members is advised for quoted conglomerates in Nigeria in order to ensure quick and better financial performance enhancing decisions while maintaining synergy between the board and firm owners;

b) The Board of conglomerates should uphold the principle of accountability, transparency and teamwork because board independence is instrumental to the financial performance of conglomerates in Nigeria;

c) Board is advised to retain the use of committee system since this has a significant effect on the financial performance of conglomerates in Nigeria;

d) Conglomerates should reduce the numbers of times board meetings are held in a year because of its high cost and adverse effect on the financial performance of conglomerates in Nigeria;

Government should enact laws on institutional and government ownership to serve as control mechanism and in the long run enhance firm performance.

CONTRIBUTION TO KNOWLEDGE

This study is one of the first to examine the subject matter with a central focus on listed conglomerates and with expanded models of Al-said (2021) and Ibrahim, Adesina, Olufowobi, and Ayinde (2018), by introducing board shareholdings and meetings into the model.

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CONFLICT OF INTEREST STATEMENT

We aver that there exists no competing interest, whatsoever, concerning.
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