Journal of Strategic Management

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ISSN: 2616-8472

Stratford Peer Reviewed Journals and Book Publishing
Journal of Strategic Management
Volume 7||Issue 3||Page 63-77||June||2023|
Email: info@stratfordjournals.org ISSN: 2616-8472

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***How to cite this article*: Owolabi, S. A., Ajike, E. O. & Folorunso, O. O. (2023). Corporate Governance and Net Profit Before Tax of Quoted Food and Beverage Firms in Nigeria, *Journal of Strategic Management,* 7(3), 63-77.** https://doi.org/10.53819/81018102t4155

Abstract

The food and beverage industry is crucial to human existence as it provides sustenance and nutrition necessary for survival. The industry encompasses a wide range of activities, including the production, processing, packaging, distribution, and consumption of food and beverages. Despite its importance, studies have shown that quoted food and beverage firms are faced with the struggle to maintain substantial level of net profit before tax which are likely due to weak corporate governance (ownership structure, board composition, board diversity, CEO tenure, and board size). This study therefore, investigated the effect of corporate governance on earning per share of quoted food and beverage firms in Nigeria. The study adopted *ex-post facto* research design. The population of the study was 21 food and beverage firms quoted on Nigerian Exchange as at December 31st, 2021. The study used purposive sampling technique to choose the sample size of 14 quoted food and beverage firms based on the years of listing and data availability. The data used for the study were extracted from the audited annual financial statement of the sampled firms from 2014 to 2021. Descriptive and inferential (multiple regression) statistics were used to analyse the data at 10% significance level. Findings revealed that corporate governance had significant effect on net profit before tax ($Adj.R^2 = 0.23$, $F\ (5, 106) = 6.54$, $p < 0.10$). The study concluded that corporate governance enhanced return on asset of quoted food and beverage firms in Nigeria. The study recommended that food and beverage firms should ensure the independence of the board is embraced and enhanced at all times to ensure improved financial performance and ensure returns on asset.

Key words: *Corporate Governance, Net Profit before Tax, Food and Beverage Firms*

1.0 Introduction

In the last few years, the production and contribution of the food and beverage sector to the Nigerian economy has grown in value and relevance. In fact, the food and beverage industry is vital to the Nigerian economy in both financial contribution and employment terms, it contribute about 22.5% of the manufacturing sector making is the largest industry in the sector, contributing 4.6% of the country's gross domestic product (Flanders, 2020). The government is trying to expand

Stratford Peer Reviewed Journals and Book Publishing
Journal of Strategic Management
Volume 7||Issue 3||Page 63-77||June||2023|
Email: info@stratfordjournals.org ISSN: 2616-8472

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the sector by investing more in agricultural and food processing in an effort to diversify the national economy from its over dependency on the oil earnings. Food and beverage firms in Nigeria range from multinational corporations producing Fast Moving Consumer Goods (FMCG) to smaller businesses with the flexibility to serve the lower middle class and impoverished populations. The sector is highly dynamic, driven by diversity, quality, value, and price. Nigeria's food industry is the largest in Africa, with significant investment in both local industry and a high level of imports (CED Committee for Economic Development, 2017).

The continuous existence of any corporation depends largely on its performance especially its profitability, earnings on shares as assurance for the investors, the employee's welfare, and adequacy of technical facilities (Omar & Zineb 2019). Ownership structures, board composition, board diversity, board size, chief executive officer, are mechanisms that influence good corporate governance practice. Stockholders' interest is investing in long-term sustainability and the boards been responsible for the coordination of business are under pressure to maximize short-term returns, to establish the sustainability of the firm.

The food and beverage industry has been facing intense competition and pressure on profitability in recent years. Chowdhury et al. (2020) argued that quoted firms in this industry are struggling to maintain their profitability due to several factors, including pricing pressures, changing consumer preferences, and increasing costs of raw materials and labor. The authors pointed out that pricing pressures have increased due to the emergence of low-cost competitors and the growth of private label products. Moreover, changing consumer preferences towards healthier and organic products have created challenges for traditional food and beverage companies that mainly produce processed and packaged foods. Additionally, increasing costs of raw materials, energy, and labor have been putting pressure on the profit margins of these firms.

Corporate governance has a significant role to play in improving the profitability of the food and beverage industry. Nwonyuku (2016) points out that corporate governance can impact the performance of a firm in several ways, including enhancing efficiency in operations, ensuring compliance with regulations, and promoting transparency and accountability. In the food and beverage industry, where the competition is high, and the regulatory environment is complex, good corporate governance practices can help firms to achieve a competitive advantage and mitigate risks. According to Nwonyuku (2016), firms that adopt effective corporate governance practices can enhance their financial performance by attracting investors, reducing costs, and improving customer loyalty.

Different studies had been carried out on corporate governance dimensions and net profit before tax in different organisations and countries with different results obtained (Russell et al. 2021; Hermuningsih, et al. 2020; Koji et al. 2020; Liu, et al. 2018; Lozano, 2018). However, the emphasis on the extent to which these practices affect net profit before tax of quoted food and beverages firms in Nigeria has not been well established (Willim, et al. 2020; Apriyanti, & Bachtiar, 2019; Olayiwola, 2018). This thus leaves a gap that needs to be filled with a study of this nature. In terms of ownership structure, owners of a firm have a claim on the firm's net income. As a consequence, their interest is in greater net income and its multi-period higher stock price. However, not all firm owners operate their firms; they employ managers to carry some functions and responsibilities. Unfortunately, due to the regular or fixed payment of managers, most hired managers have no inherent interest in firm profit since this belongs to the owners, but their behaviour affects profit, hence, decline in net profit before tax becomes inevitable. This is further expressed by the

https://doi.org/10.53819/81018102t4155

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continued rise in the percentage of quoted companies sanctioned by the Nigerian Stock Exchange (NSE) for flouting its post-listing rules is a sad commentary on the nation's corporate governance environment (Eze & Nkak, 2020). It is also a serious indictment on the8 relevant regulatory authorities. The number of quoted firms sanctioned by NSE for flouting post-listing rules rose by 28 per cent in 2018, signposting a decline in transparency and accountability in the nation's capital market (Eze & Nkak, 2020). There is therefore an urgent need for instituting a more effective corporate governance mechanism to improve profit before tax among food and beverage firms in Nigeria.

2.0 Literature Review

This section discusses corporate governance and its dimensions (ownership structure, board composition, board diversity, CEO tenure and board size) and net profit before tax.

2.1 Corporate Governance

Corporate governance is a recent concept in the corporate world, which has increasingly expanded in the latest centuries due to the request for new corporate philosophy and stricter compliance with the rule of the land and financial liberalization and deregulation of business. Corporate governance is defined as a set of relationships between a company's management, its board, its shareholders and other stakeholders. Corporate governance also provides the structure through which the objectives of the company are set, and the means of attaining those objectives and monitoring performance are determined. Good corporate governance should provide proper incentive for the board and management to pursue objectives that are in the interest of the firm and its shareholders and should facilitate effective monitoring. Cadbury Report (1992) defines corporate governance as the system by which companies are directed and controlled. The report goes further to expatiate that corporate governance is concerned with holding the balance between economic and social goals, and between individual and commercial goals. The report attempted to harmonise the various views of corporate governance. Olusanya and Oluwasanya (2014) state that corporate governance refers to the manner in which the power of a corporation is exercised, in the management of the corporation total portfolio of assets and resources, with the objective of maintaining and increasing shareholders' value and the satisfaction of other stakeholders in the context of its corporate mission. Streeti (2017) states that corporate governance is the process through which corporate resources are allocated in a manner that maximizes value for stakeholders such as shareholders, investors, employees, customers, suppliers, the environment and the community at large.

2.1.1 Ownership Structure

Ownership structure refers to the types and composition of shareholders in a corporation, researchers often measure ownership structures by using some observable measure of ownership concentration or the extent of inside ownership. Ownership structure is among the central mechanisms of corporate governance and is generally accepted as an important component of corporate governance it had been a consideration seeker to both scholars and analysts alike. Ownership structure is defined by the distribution of equity concerning votes and capital, and also by the identity of the equity owners (Ajagbe & Ismail, 2014). Ownership structure is classified as concentrated, when few people own a large number of shares and is considered dispersed when majority of shareholders are there and everyone has a small number of the outstanding share. These structures are of major importance in corporate governance Galego, Mira and Silva (2019) argued

that ownership structure is considered as one of the most effective tools employed to assist the board of directors in enhancing the financial performance of the firm, also that the owners determine the incentives of managers and thus the economic efficiency of the corporations they manage.

2.1.2 Board Composition

Board composition is often measured as the proportion of executive to non-executive directors on the board (Eke, Akpanuko & Umoffong, 2019). Dabari, Kwaji and Ghazali (2017) stated that board composition normally concerns issues related to board independence and diversity (firm and industry experience, functional background) of board members. Board independence refers to a corporate board that has a majority of independent outside directors. Section 359 (4) of CAMA (2004), provides for board composition to be on equal proportion, but the new Security and Exchange Commission (SEC) guideline was silent on the number, however the global practice is to have more of non - executive directors than executive directors. The corporate board consists of directors elected by shareholders to represent them and protect their interest. The composition of the board should ensure diversity of experience without compromising compatibility, integrity, availability, and independence. An independent director is one who is independent of management and free from any business or other relationship that could materially interfere with the exercise of independent judgment, explaining in a simple form Onyeizugbe (2014) states that the independence implies that the directors are not employees of the company and are not dependent on the company for their livelihood.

2.1.3 Board Size

Board size is a term, which describes the number of persons on the board of directors of a company in a given period, consisting of the executive and non-executive directors. The board size shows the total number of directors who can impact the corporate governance policies of business and the company's financial performance (Gallego-Álvarez & Pucheta-Martínez, 2020), thus the board size, plays an important role in affecting the value of a firm, serves as proxy for the overall value the firm place on the board. The shareholders appoint the directors; they are responsible to the shareholders and are supposed to govern the company. The board size can affect the decision-making process and effectiveness of the board. It can also affect the role of supervising and monitoring the management of the firm and the quality of internal control. Identifying the ideal board size that affects, its ability to function effectively has been issues of intellectual debate over decades, (Goel, & Sharma, 2020).

2.1.4 Board Diversity

Board diversity does not have a cleared cut definition, but in the simplest sense, it means having many individuals that are different from one another, in terms of skill, ethnicity background, gender, age, education, among other factors. Board diversity is considered as a significant element of board of directors in corporate governance, it refers to differences between board members and has been categorized between cognitive dimension (educational level) and demographic dimension entailing; gender, age and ethnicity also structural dimension as CEO duality, director ownership (Martínez-Ferrero, Lozano & Vivas, 2021). The presence of women on corporate boards has increased a lot the active role in monitoring managerial performance. Female directors do their best to balance the answerable behaviour of firms toward the society and shareholders. This research examines board diversity through the demographic dimension with emphasis on gender

distribution on corporate board that is the percentage of female members on the board, with the changing business environment and the increasing complexity of corporations. There is increasing attention to the importance of appointing female directors on corporate boards to facilitate effective board functioning (Chapple & Humphrey, 2014).

2.1.5 CEO Tenure

CEOs play a vital role in bringing organisational success, as they are responsible for designing firms' financial policies and presenting the same to the board of directors for ratification (Abdullah, 2020). CEOs are also responsible for integrating firms' policy into daily business operation, which is the overall operation may include delegating and directing operation, driving profit, managing the organization structure and communicating with the board, thus Khani, Rajabdorri and Sadri (2019), opined that CEO is ultimately held responsible for all aspects of the company's performance. Some scholars infer that CEO's characteristics like; tenure, gender, age, ethnicity, political connectedness, educational level, power of the CEO is associated to firm's performance (Setiawan & Gestanti, 2022). There are diverse opinions on CEO's tenure. One view states that as CEOs' tenure increases they become more familiar with their enterprises, and have a stronger ability to avoid institutional restraints within and outside of their enterprises. This makes it easier to obtain core resources and pursue their own interests. On the other hand, CEOs with long tenure will accumulate more working experience in their companies, which deepens their recognition of resources and enhances their ability to identify the outside environment (Tanikawa & Jung, 2019).

2.2 Net Profit before tax

Profitability is the primary goal of all business ventures without profitability the business will not survive at the long run. Thus, measuring past and projecting future profitability is very important for an organization. Profitability is a measure of an organization's profit relative to its expenses. Profitability measures the long term health of a company, also depicts the ability to sustain the business, profitability is the revenue from operations less expenses the greater the result the more profitable the firm. Profitability has two elements namely income and expenses, the income refers to revenue which is the earnings from selling products or providing service the firm is expected to use the resources to generate. Profitability is the expertise of organizations to obtain profits within a particular time by using assets or all capital, it is also viewed as the capacity of any business to acquire benefits. A benefit is the left of income that business produce after it pay all direct and indirect expenses related to the generation of revenue. Profitability is an indicator of proper company's management, so management tries to be open about more information, and about rising company profitability. Profitability is a measure that can be used to determine the valuation of a business

Firm profitability has received increased consideration, because to carry out its life, a company must be in a profitable state, and without profit it will be very difficult for companies to attract investment from outside. The governance practice impact on firm profitability, t larger board size and female directors on board have positively associated with firm's profitability, which in turns helps to enhance firm's profitability (Meah & Chaudhory, 2019). On the other side, it is also found in the results that percentage of shares held by the directors and family duality are negatively related to firm's profitability and thus reduces firm performance. Creditors, owners of capital, will try to increase these profits because they are well aware of the importance of profits for the company's future. The greater the gross profit margin, the better the operating condition because

it shows that the cost of goods sold is relatively lower than sales likewise, on the contrary, the lower the gross profit margin, the less good the company's operations. Profit is a measure of accomplishment for a business, describes the financial benefit realised when revenue generated from a business activity exceeds the expenses, cost, and taxes involved. Profit is not a pre-determined payment or contractual payment, nor a fixed income, profit is the end result of business, and it is uncertain and fluctuating. Profit is important to a business, earning it implies the business can attract investors to fund its operations and grow its business. Without profit, it will be very difficult for companies to attract outside capital (Zulkifli, et al., 2020).

2.3 Empirical Review

Review of past empirical works on corporate governance and profitability show the goal of a firm is to create sustainable profitability yet attempt have to been able to arrive at consensus on the effect of corporate governance on firm profitability. The results of Rakkarnsil, & Butsalee, (2022) study on the influence of corporate governance on profitability of listed companies in the Stock Exchange of Thailand work indicate corporate governance had a statistically significant direct effect on profitability that corporate governance had a direct influence on profitability at a statistically significant level of 0.05 ($p < 0.05$) with a direct negative influence.

Olayiwola (2018), examines the effect of corporate governance on financial performance of listed companies in Nigeria among governance variables used are board size and board composition the findings revealed that board size had a significant negative correlation with net profit margin, and board composition had a significant positive correlation with net profit margin. Nwankwo and Uguru (2022), noted that board size and board composition have significant positive effects on service firms' profitability while board gender has insignificant negative effect on listed service firms' profitability, their findings contradict the earlier works.

Kimani (2020) discovers that board diversity has a positive and significant effect on financial performance, and Oyedokun (2019), study shows that board gender diversity has a significant positive effect, while board size and board independence each has an insignificant negative effect on financial performance of commercial banks in Nigeria. However, Henry, et al., (2017), work indicates an inverse relationship between board size and financial sustainability, that when board size reduces, financial sustainability increases and it also culminates into board effectiveness.

Balagobei and Velnampy (2017) found that foreign ownership and ownership concentration are correlated positively with the financial performance of food companies in Sri Lanka. Their discovery corroborates the result of Kapopoulos and Lazaretou (2007) which suggests that the concentrated ownership structure relates to the higher profitability of a firm in a positive way. The first finding includes the positive influence of concentrated ownership structure" on the higher profitability of firm, while the second finding includes the notion of less diffused ownership in order to produce higher profitability of firm.

Husnain et al. (2021), found that corporate governance mechanism proxy by board size, number of independent directors, gender diversity has positive significant relationship with firm profitability of 100 Pakistan non-financial listed companies. Also, Babatunde and Akeju's (2016) study result shows that corporate governance mechanism enhances firms' profitability in Nigeria. This result was found to be consistent with the findings of Eke et al. (2019) which affirmed that, a significant positive linear relationship exists between corporate governance and profitability, of oil quoted oil and gas companies in Nigeria. However, their study further concluded that corporate

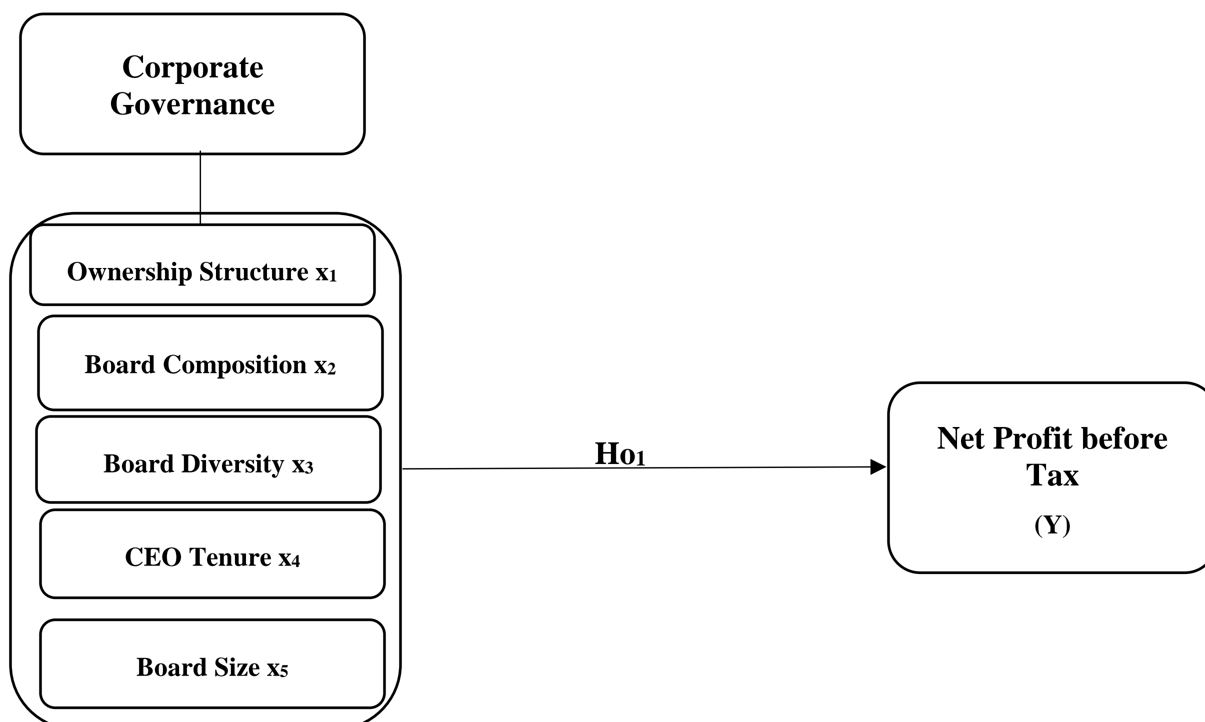
governance has a moderate influence (52.3 percent) on profitability of the studied oil and gas firms in Nigeria.

Babalola (2017) discovers positive and insignificant relationship between board size and profitability, while CEO/Chairman duality has a negative impact on profitability. Farhan, et al. (2020); Akinyomi and Olutoye (2015) found a positive and insignificant association between board composition, board size and profitability; negative and insignificant association between directors' interest and profitability. Prusty and Al-ahdal, (2018) findings revealed that audit committee meeting and board size had insignificant relationship with profitability measuring by return on equity. The finding on effect of corporate governance on firms' profitability is inconsistent, though the various researchers adopted similar corporate governance variables.

The result of Balagobei and Velnampy (2017) study indicates that ownership structure positively influences the financial pe8rformance of listed food firms in Sri-Lanka. Further findings show a significant impact of foreign ownership structure on the firm's financial performance, but could not find significant correlation between institutional ownership structure and financial performance. This implies that considering ownership structure as a block indicates it is an important governance mechanism influence on financial performance. However, Ahmed and Hadi (2017) found a negative effect of insider ownership on firm performance in MENA region, using return on equity, and return on asset of firms as proxy for performance. Their result contradicts that of Balagobei & Velnampy (2017), although both studies were carried out in relation to firms in the MENA region. Most literature on corporate governance and profitability in Nigeria context focused on other sectors excluding food and beverage based on this gap and the non-consensus on researchers' findings, this study postulates the first hypothesis that:

Ho_1: Corporate governance (ownership structure, board composition, board diversity, CEO tenure, and board size) have no significant effect on net profit before tax.

Research Conceptual Model



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The figure above presented the conceptual model based upon the review of literature and it showed the effect of corporate governance (ownership structure, board composition, board diversity, CEO tenure, and board size) on net profit before tax

Figure 1: Conceptual Model (corporate governance and return on assets)

Source: Author's Research Model (2023)

2.4 Theoretical Review

2.4.1 Stewardship Theory

Stewardship theory postulates that people are intrinsically motivated to work for others or for organizations to accomplish the tasks and responsibilities with which they have been entrusted. Stewardship theory assumes that managers behave as trustworthy stewards of the organization and focus on the collective good of the constituents in the firm regardless of the manager's self-interests (Davis et al. 1997). The possibility of moral hazard is assumed away because the manager (steward) decides to work on behalf of the owners; thus, the steward manager does not act upon the risk differential between owner and manager that drives the hidden actions of managers in the principal-agent model. The steward manager believes that ownership will equitably share the residual claims from the firm; thus, maximization of those claims for the owner maximizes the share of the steward manager. In other words, there is no misalignment between the interests of managers and owners because steward managers believe the pursuit of what is best for the organization is what is best for their constituents and themselves (Davis et al. 1997). Actions that benefit the organization and their owners are taken even if such actions are not in the steward's immediate self-interest. This underlying assumption of commonality between managers and owners runs counter to the assumption of the individualistic, self-serving, opportunists that organizational economists have offered as the model of firm management in a market system (Donaldson 1990).

Keay (2017) argues that stewardship theory holds, essentially, that directors act as stewards and wil8l not be concerned about fostering their own economic interests, as agency theory holds, but will be willing to act in the best interests of their company, and they will act in a way that leads to collectivist/organisational utility rather than self-serving benefits. According to Schillemans and Basuioc (2015), stewardship theory puts forward the view that individuals; and this includes directors, can often be motivated by considerations of fairness, justice and concern for the interests of others. Directors often see themselves as stewards of the company's affairs who can be trusted to do a good, professional job, and they are so connected to the aims of the company that these take precedence over their self-interest. Stewardship theorists posit that superior corporate performance is connected with most of the inside directors because; first, they assure more effective and efficient decision- making and secondly, they assisted to maximize profits for shareholders. Consequently, insider-dominated boards are preferred for their depth of knowledge, access to present operating information, technical expertise and determination to the company. The theory upholds that directors have a different form of motivation from that posited by agency theory, one that is drawn from organisational theory and based on studies in both psychology and sociology. Under stewardship theory, directors are viewed as loyal to the company8. While agency theory posits individualism, stewardship theory adheres to collectivism in achieving economic, social and environmental performance.

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3.0 Methodology

The study adopted *ex-post facto* research design. The population of study of this research was restricted to 21 Food and Beverages firms listed on Nigeria Stock Exchange in 2022. The study made use of 14 firms with their 8 year data (2014-2021), this produced (14* 8) 112 data set used for this research. The choice of 8 year data used was based on availability of audited annual report financial statement of data of the chosen firms

The study used purposive sampling method to choose 14-quoted food and beverage firms based on the year of listing and availability of complete data required for the research. The selected quoted Food and Beverage firms based on the date of listing on Nigeria Stock Exchange and availability of complete record are; Cadbury Plc.; Nestle Nigeria Plc.; Champion Breweries; Mcnichols Consolidated; Unilever Nigeria; Nigerian Northern Flour Mill; Nigeria Breweries Plc; Dangote Sugar Plc.; Pz Cussons; Flour Mills Nigeria.; International Breweries; Nascon Allied; Guinness Nigeria Plc., and Honeywell Flour Plc. These are firms that grouped as food, food processing / allied food produce and beverage products.

Secondary data was used in this research and was extracted from the financial records of the sample firms chosen for the study. The data used in this study were extracted from the audited annual reports and financial statements of the study sample firms from 2014 -2021. Prior empirical studies on corporate governance employed secondary data among which include; Ndum & Oranefo (2021); Ibrahim & Abdullahi (2019).

The validity and reliability of the data was premised on the auditors' and regulatory agencies' certification of the source documents. Descriptive and inferential (multiple regression) statistics were used to analyse the data at 10% significance level. Multiple regression analysis was used for hypothesis testing. Regression analysis was considered the most appropriate statistical tool for establishing the degree and nature of relationship between dependent and independent variables and its model has been proved to be the most effective tool in the prediction of occurrences of future relationship between variables (Gujarati & Porter, 2009).

Model Specification

Functional relationship Y= f(x) and Regression models for the study.

X-Independent variables (Corporate governance) $X = (x_1, x_2, x_3, x_4, x_5)$

Y – Dependent variable (Net Profit before Tax)

Hypothesis

$Y= f\ (x_1, x_2, x_3, x_4, x_5)$

$$InNPBT_{it} = \beta_0+\beta_1 OWNST_{it}+\beta_2 BDCOM_{it}+\beta_3 BDIV_{it}+\beta_4 CEOT_{it}+\beta_5 BDSIZ_{it}+e_{it}$$

A prior expectation

The result from the statistical analysis assisted in explaining the degree of effect between the dependent and independent variables, also the expected outcome of the relationship between the sub-variables of both the dependent and independent variables was stated as follows.

https://doi.org/10.53819/81018102t4155

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Journal of Strategic Management
Volume 7||Issue 3||Page 63-77||June||2023|
Email: info@stratfordjournals.org ISSN: 2616-8472

Table 1: A priori Expectations and Decision rule

S/N	Models	Decision Rule	Remark
H0	$InNPBT_{it}==\beta_0+\beta_1OWNST_{it}+\beta_2BDCOM_{it}+\beta_3BDIV_{it}+\beta_4CEOT_{it}+\beta_5BDSIZ_{it}+e_{it}$-----------Model 1	$P < 0.10$	H_{01} would be rejected

Source: Author's Computation (2023)

4.0 Results and Discussion

This study made used of secondary data. The data was gathered from the annual accounts and financial reports of the chosen eight quoted Food and Beverages firms. The data used covers a period of six years 2014 – 2021. The data set of the study consists of 112 observations: the number of years of observation multiplied by the sample size (8*14 =112).

Table 2: Regression Result of the Model

Dependent – NPBT	Pooled OLS Regression with Cluster standard errors			
	MODEL ONE			
	Coeff	SE	t-stat	Prob
CONSTANT	11.68	1.44	8.12	0.000
OWNST	-0.02	0.01	-1.87	0.065
BDCOM	-0.01	0.01	-0.66	0.509
BDIV	0.03	0.02	1.29	0.202
CEOT	0.29	0.40	0.73	0.466
BDSIZ	0.34	0.07	5.18	0.000
LOWNST*G				
LBDCOM*G				
LBDIV*G				
LCEOT*G				
LBDSIZ*G				
AdjR2	0.23			
F-Stat/Wald Stat	F (5, 106) = 6.54 (0.00)			
Hausman Test	Chi2(5) = 2.84 (0.72)			
LM Test	chibar2(01) = 211.38 (1.00)			
Heteroscedasticity Test	Chi2(1) = 15.02 (0.00)			
Serial Correlation Test	F (1, 12) = 18.069 (0.00)			

Source: Researcher`s Computation (2023)

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Interpretations of Diagnostic Test

The decision of this study to choose the most appropriate estimating technique among Fixed-effects, Random-effects, and Pooled Ordinary Least Square Regression methods lies in the outcome of the Hausman test and its confirmatory test. Going by the Hausman result with probability value of 0.72 which align with its null hypothesis implies that Random-effects is more appropriate than Fixed-effects for the Model One. The Breusch and Pagan Lagrangian multiplier (LM) test for random effects result with probability value of 1.00 negates the outcome of the Hausman test and thus Pooled OLS is more appropriate than Random-effects.

The results of the Ordinary Least Square post-estimations tests, heteroscedasticity test, and serial correlation test revealed that: there is heteroskedasticity problem (with the probability value of 0.00 which negates the null hypothesis of the test which states that "the model is homoscedastic"), that is the residuals of the model are trending over time; the serial correlation result with the probability value of 0.00, it revealed that that the coefficients and the residual of the model are correlated and thus, there is presence of serial correlation problem in the model. Due to the presence of heteroscedasticity, and serial correlation problem in the model, Pooled OLS regression with cluster standard errors was used for the estimation of model one.

Interpretations of Model

Based on the findings from the regression coefficients in the table above, the regression model for the hypothesis one (H_0) is presented as:

$NPBT = \beta_0 + \beta_1(OWNST) + \beta_2(BDCOM) + \beta_3(BDIV) + \beta_4(CEOT) + \beta_5(BDSIZ) + \mu$

$PBT = 11.67921 - 0.0189(OWNST) - 0.0099(BDCOM) + 0.0272(BDIV) + 0.2892(CEOT) + 0.3441(BDSIZ) + \mu$

$T_{value} = (8.12)\ (-1.87)\ (-0.66)\ (1.29)\ (0.73)\ (5.18).$

$F(5, 106) = 6.54$

Adj. R-squared = 0.2294

From the model presented above, based on the result in the table 4.3, there is evidence that board diversity (BDIV), CEO Tenure (CEOT) and board size (BDSIZ) have positive relationship with net profit before tax (NPBT) of the selected listed food and beverage firms in Nigeria. While ownership structure (OWNST) and board composition (BDCOM) have negative relationship with net profit before tax (NPBT) of the selected food and beverages firms in Nigeria.

Concerning the magnitudes of the estimated parameters 1 unit increase in board diversity, (BDIV), CEO Tenure (CEOT) and board size (BDSIZ) will lead to 0.0272, 0.2892 and 0.3441 increases in the net profit before tax (NPBT) of selected listed food and beverage firms in Nigeria respectively. While 1 unit increase in ownership structure (OWNST) and board composition (BDCOM) will lead to 0.0189 and 0.0099 decrease in the net profit before tax of selected listed food and beverage firms in Nigeria.

The F-statistic (6.54) at P-value of 0.0000 is less than significant level 10% (0.1). This result reveals that the overall model was statistically significant and the independent variables (ownership structure (OWNS), board composition (BDCOM), board diversity (BDIVG), CEO tenure (CEOT), and board size (BDSIZ)) are good predictors of Net Profit Before Tax (NPBT).

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Email: info@stratfordjournals.org ISSN: 2616-8472

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This implies that the companies' Net Profit Before Tax is strongly enhanced by the independent variables at 10% level of significant.

The Adjusted R^2 (0.23) which measures the proportion of the changes in the NPBT as a result of changes in OWNST, BDCOM, BDIV, CEOT and BDSIZ, explains about 23% per cent changes in the NPBT of selected listed food and beverage firms in Nigeria. While the remaining 77% per cent were other factors explaining changes in the net profit before tax of selected listed food and beverage firms in Nigeria, but where not captured in the model.

5.0 Discussion of Findings

The first hypothesis of the study ascertains the effect of corporate governance dimensions on net profit before tax of quoted food and beverages firms in Nigeria. The result of the hypothesis analysis shows that there is evidence that ownership structure, board composition, and board size have positive relationship with net profit before tax of the selected food and beverages firms in Nigeria, while board diversity and CEO tenure have negative relationship with net profit before tax of the selected quoted food and beverage firms in Nigeria. In addition, there is evidence that board composition has significant relationship with the net profit before tax of selected listed food and beverage firms in Nigeria. In sharp contrast, there is evidence that ownership structure, board diversity, CEO tenure, and board size have no significant relationship with the net profit before tax of selected listed food and beverage firms in Nigeria. The analysis of the overall results indicated significance of the model, shows that the null hypothesis that states there is no significant effect of corporate governance (ownership structure, board composition, board diversity, CEO tenure and board size) on net profit before tax of quoted food and beverages firms in Nigeria was rejected. The alternative hypothesis that there is significant effect of corporate governance (ownership structure, board composition, board diversity, CEO tenure and board size) have significant effect on net profit before tax of quoted food and beverages firms in Nigeria was accepted. The findings corroborate with the findings of Rakkarnsil and Butsalee (2022) that corporate governance significantly affects the company's performance measured by net profit margin, earnings per share and returns on capital employed. This study applied ownership structure, board composition, board diversity, C.E.O. tenure, and board size as proxies for corporate governance. For sustainability measure net profit before tax, earning per share, return on assets, return on equity, and dividend per share.

6.0 Conclusion and Recommendation

Based on the empirical findings, this study concludes that corporate governance dimensions, (ownership structure, board composition, board diversity, CEO tenure and board size) had statistically significant effect on net profit before tax of quoted food and beverage firms in Nigeria. Furthermore, the study findings are in line with anchored theory of stakeholder theory. The theory is chosen based on its slant and ideology, which guide this study's variables under investigation.

The study recommended that most of the firms should uphold the current ownership structure, board size and independence of the board in order to ensure improved net profit before tax. It recommended that quoted food and beverages firms in Nigeria should regularly review and assess their governance practices to ensure they align with industry trends, best practices, and the specific needs of the organization.

https://doi.org/10.53819/81018102t4155

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Journal of Strategic Management
Volume 7||Issue 3||Page 63-77||June||2023|
Email: info@stratfordjournals.org ISSN: 2616-8472

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https://doi.org/10.53819/81018102t4155