CORPORATE GOVERNANCE INDICATORS ON FIRM'S VALUE (A STUDY OF THE NIGERIAN BREWERIES PLC.)

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Abstract *This study investigated the relationship between corporate governance and firm value of the Nigerian breweries plc. It investigated corporate governance variables and analyzed whether they impacted the firm's value as measured by return on equity (ROE). Based on the review of existing literature, four corporate governance variables were selected namely: composition of board member, board size, ownership structure and audit committee which served as the independent variables. The study was based on secondary data which was derived from the annual report and account of the Nigerian Breweries Plc from 2001-2018, using the entire records of the company as the population. The ordinary least square of multiple regression was used to estimate the relationship between corporate governance and firm value. Findings from the study showed that there is positive and significant relationship between board size and ownership structure as independent variables and return on equity (ROE) at P<0.05. however, board composition and audit committee have negative relationships and insignificant relationship with return on equity (ROE). The relationships are not significant at 5%. The study recommended among other things that companies' Board should be mostly dominated by independent Directors and Board size should be in line with corporate size and activities.*

Keywords: Firm Value, Board size, Board composition and Ownership Structure.

INTRODUCTION

Background to the Study

Corporate governance has become a topical issue which has attracted the attention of academic scholars and practitioners. Revelations of corporate fraud all over the world in the past years have clearly eroded investors' confidence and historical antecedents in financial practices have indicated that financial crisis is the direct consequence of poor corporate governance. For instance, the Enron saga and the crash of sub-prime mortgage institutions which led to the last global financial crisis. These problems transferred to other parts of the world through globalization which makes countries of the world to be interconnected as a result of trade liberalization and advancement in technology (telecommunication and transportation). (Abdulazeez, Ndibe & Mercy 2016)

It was revealed in the work of Adekunle and Aghedo (2014) that corporate governance is all about running an organization in a way that guarantees that its owners as stakeholders are receiving a fair return on their investment. It is the process that links the shareholders to the board, to the management, to the staff, to the customer and to the community at large. They observed that a company is a separate legal entity which no one actually owns.

According to Cheng, (2008) in Ajagbe& Ismail, (2014) The concept of governance as it relates to Limited Liability Company is an offshoot of the agency problem, which in turn is a result of dichotomy between ownership and management of the corporations.

In the past two decades attention toward issues related to corporate governance has been increasing as a result of a series of financial and economic events occurring around the world. In this regard, high profile financial scandals, financial crisis, and unexpected corporate failure have driven countries to strengthen their corporate laws in order to increase the confidence in financial markets (Solomon, 2010). According to Bilal, Shahid, Muhammad, Hafiz and Arbab (2013) “Firm performance is an important concept that relates to the way and manner in which financial resources available to an organization are judiciously used to achieve the overall corporate objective of an organization, it keeps the organization in business and creates a greater prospect for future opportunities.”

A typical firm is characterized by numerous owners having no management function and managers with no equity interest in the firm. Shareholders or owners of equity are large in numbers and an average shareholder control a minute proportion of the shares of the firm. This gives rise to shareholders to take no interest in the monitoring of managers, who are left to themselves and maybe pursuing interest different from those of the owners of equity.

This dichotomy results in information asymmetry between managers and owners such that managers stand in vantage position to act in ways that are detrimental to the interest of shareholders (Ajagbe & Ismail, 2014). In order to chart present and future paths for firm’s adherence to corporate governance standards, it is important to first determine its impact on firms’ performance in the past. It is necessary to investigate the response or behavior of important performance indicators such as return on equity, dividend yield, net profit margin and sales growth in the light of the effects of various corporate governance provisions that rule the business world today. Unlike the earlier studies by the authors; Ofurum and Torbira (2011), this paper attempts to shed light on the critical response or behavior of firm performance indicators to corporate governance provisions or standards in Nigeria.

The fundamental objective of this study is to critically examine the impact of corporate indicators on firm’s value in Nigeria. While the specific objectives are to investigate whether board size have significant impact on firm’s performance in Nigeria, to examine if board composition have significant impact on firm performance in Nigeria, to determine the significant relationship between ownership structure and firm performance in Nigeria, to evaluate the relationship between audit committee and firm performance in Nigeria.

Statement of the Problem

Corporate governance is expected to affect directly, the performance of firm. A good number of ideas and theories have been put forward by learned persons on corporate governance. Bebchuck, Cohen and Ferrett (2004) states that, firms with stronger stockholders’ right have higher value. In a latter study that used Nigeria data on twenty firms, the result showed a positive and significant relationship between ROE and board size, between Return on Equity (ROE), board composition and Audit committee, between profit margin and chief executive status. It further stated that there is no significant relationship between profit margin and board size, board composition and audit committee (Kajola, 2008).

Corporate governance advocates argued that stock price collapse of some firms in the US such as Adelphia, Enron, Parmalet, Tyco and WorldCom was due largely to poor governance.

There is also a widely held view that better corporate governance is associated with better firms' performance, but the evidence is not sufficiently available in the Nigeria context. As such, providing an additional empirical evidence of the relationship between corporate governance and firms performances is cardinal to this study. The significance of the relation of firm performance is a function of the corporate governance provisions and the level of compliance to the set standard. This study therefore, by contributing to the existing literature tends to find solutions to the problem of how the board size, composition of the board, audit committee and ownership structures have significant impact on the organization performance.

Literature Review

Conceptual Framework

Corporate governance

The role of corporate governance has been identified as indispensable to firm performance and this is so because of the tendency for managers and some other stakeholders to engage in unethical business practice that may undermine the rights of "less informed" stakeholders in corporate organizations (Agbonifoh, 2009). These unethical practices include tampering with the financial statements to give a false impression of the financial health of the organization to the recipients of these reports, in the case of Nigeria; African Petroleum (AP) gave misleading information on its financial statement, (Onyenankeya, 2013).

According to the Central Bank of Nigeria (CBN) code of corporate governance for banks and other financial institutions in Nigeria, corporate governance is the process by which the business activities of an institution are directed and managed. (AbdulAzeez, Ndibel & Mercy 2016).

Corporate governance is about promoting corporate fairness, transparency and accountability (Glossary, 2013). While Adedokun (2013) saw corporate governance as the framework for accounting for decision making, it is effective management relationship within the organization integrity to enhance firm performance for the benefit of all stakeholders. Okeahalam and Akinboade (2003) outlined specific benefits of corporate governance to include moral uprightness among organization workforce and it could be counted upon to safeguard the resource and entitlements of all stakeholders. Also, it improves the confidence of the investing public and attracting foreign investors to the companies in particular and the economy in general.

Measuring Firm Financial Performance

Erhardt, Kernel and Shrader (2013) carried out an investigation aimed at finding the linkage between board gender diversity and financial performance of firms in the United States of America using correlation and regression analysis. The results showed that board gender diversity had a positive linkage with firm financial performance. Cheng (2008) studied the impact of ownership structure on profitability of Chinese firms. The results of the study showed that there is a significant positive relationship between concentrated ownership and firm financial performance. The result also showed that there is no significant relationship between firm performance and ownership concentration in countries which recently joined the Europe Union.

Farreira (2010) found that an increase in the number of female directors does not have any significant impact on the return on assets of firms. Sanda, Mikailu and Garba (2015) studied the connection between corporate governance mechanisms and financial performance of Nigerian firms using pooled ordinary least squares regression analysis technique (Solomon, Hashim, Mehdi & Ajagbe 2012; Ajagbe, 2007). The results showed that board structure has no significant relationship with return on equity while board size has a negative relationship with return on equity.

Aljifri & Moustafa (2007) employed cross-sectional regression analysis technique to find out the impact of board characteristics on performance of firms in United Arab Emirates. The results revealed that board size has an insignificant impact on firms' performance. The results further reveal that governmental ownership has a significant relationship with firm performance while the institutional ownership has no significant relationship with firm performance.

Bathula (2008) performed a study in New Zealand to find out the relationship between gender diversity using the general least square analysis technique. The findings of the study reveal that gender diversity was positively related with firm performance while director ownership is negatively related with firm financial performance. Babatunde and Olaniran (2009) investigated the relationship between governance mechanism and performance of corporate firms in Nigeria. The results show that there is an inverse relationship between director's shareholdings and return on asset. The results further show that there is a positive relationship between board size and ROE, and a negative linkage between board independence and ROA. It was observed that the impact of female board members depends on the nature of the tasks performed. The result shows that the ratio of female directors has a positive direct relationship with board strategic control but no direct relationship with board operational control among Norwegian firms.

Amran (2011) studied the relationship between board characteristics and performance of Malaysian firms using panel data methodology. His findings reveal that board size has a significant negative relationship with firm performance. Adusei (2011) finds out the relationship between board structure and bank performance of Ghanaian firms employing panel data. The finding of the study reveals that, as board size of a bank's board of directors decreases its profitability increases.

Return on Equity (ROE)

This measures a firm's financial performance by revealing how much profit a company generates with the money shareholders have invested. It shows how well the shareholders' funds are managed and used to generate return.
ROE = Profit after Tax / Total Equity

Theoretical Framework

The stakeholder's theory

This theory states that the firm is a system of stakeholders operating within a larger system of the society which provides the required legal and market infrastructure for the firm to thrive. The purpose of the firm in this case is to serve the general public who may have direct or indirect relationship with the firm. The management and the provision of information should be directed at satisfying the interest of the general public rather than shareholders.

There are diverse sets of individuals with vested interests in any organization. These include the ordinary and preference shareholders, providers of funds, workforce, those who supply materials used by an organization, consumers and general public. Every member of these set of individuals have to be rewarded a smallest amount as the removal of their involvement could result in the shutting down of the business. The other popular theory of corporate governance is the Stakeholder theory. The stakeholder theory originated from the management discipline and gradually developed to include corporate accountability to a broad range of stakeholders. Unlike the agency theory, whereby managers are predominantly responsible for satisfying the interests of shareholders, stakeholder theory maintains that managers in organizations are not only responsible for the interests of shareholders but also for a network of relationships to serve which includes the sup- pliers, employees and business partners.

According to stakeholder theory decisions made regarding the company affect and affected by different parties in addition to stock- holders of the company. Hence, the managers should on the one hand manage the company to benefit its stakeholders in order to ensure their rights and their participation in decision making and on the other hand the management must act as the stockholder's agent to ensure the survival of the firm to safeguard the long term stakes of each group. Consequently, according to the major debate in corporate governance focuses on whether corporate governance should focus exclusively on protecting the interests of equity holders in the corporation, or should expand its focus to deal with the problems of other stakeholders.

The Stewardship Theory

Akingunola, Olusegun and Adedipe (2013), explained that managers are good stewards who diligently work to attain high level of profit and shareholders' returns. This theory is based on the assumption that managers are motivated by achievement. Non-executive directors on the board serve this purpose better.

Stewardship theory views manager as the guardian of shareholders' investment and the guardian is taking the companies' assets in order to fulfill their higher needs of achievement and self-actualization. The executives of the companies hold a view that they are attached to the existence of companies, and the reputation of companies is also their reputation. Consequently, this perspective viewed that the interests of shareholders and managers are aligned, since there exists insignificant conflict of interest among parties due to the assumption of the theory. The stewardship theory originates from sociology and psychology. The stewardship theory maintains that managers are not motivated by individual goals but rather they are stewards, whose motives are aligned with the objectives of their principals- shareholders; as opposed to the agency theory which claims that conflict of interest between managers and shareholders is inevitable unless appropriate structures of control are put in place to align the interests of managers and shareholders. The stewardship perspective suggests that stewards (managers) are satisfied and motivated when organizational success is attained even at the expense of the stewards' personal goals. Furthermore, while the agency theory suggests that shareholder interests will be protected by separating the posts of board chair and CEO, the stewardship theory argues that shareholder interests will be maximized by assigning the same person to the posts of board chair and CEO to give more responsibility and autonomy to the CEO as a steward in the organization.

Empirical Framework

Bilal, Muhammad, Haq, Hafiz and Arbab (2013), the paper examined the impact of corporate governance mechanisms (Board Size, Board Composition, and CEO/Chairman Duality) on firm performance (Return on Asset) in sugar industry of Pakistan. The data of corporate governance mechanisms (Board Size, Board Composition, and CEO/Chairman Duality) collected from 12 listed sugar mills of Pakistan from 2005 to 2010. Using panel data methodology as a method of estimation Arithmetic mean, ANOVA and t-test applied on data by using SPSS. The results revealed that there was a significant impact of corporate governance on firm performance. Results further revealed that there was a significant impact of board size, CEO/Chairman Duality on ROA, and there was insignificant impact of Board Composition on ROA.

Nguyen and Ngoc (2016), with a sample of Vietnamese listed firms, the study examined the relationship between performance and the corporate governance in the context of an emerging country. While board size, chairman ownership, foreign ownership and ownership concentration positively relates with firm's performance as measured by Tobin's Q, foreign ownership appears to have the strongest effect on firm performance. Besides, they observed that highly levered firms perform worse. The hypotheses that duality and CEO ownership significantly affect firm performance are statistically rejected.

Jamal and Waqas (2018), the motivation behind the research were to investigate and examine the important components that impact on capital structure & corporate governance on firm's budgetary performance related to listed cement industry of Pakistan. It made use of auxiliary information from audited financial statements of 10 listed cement organizations at Pakistan Stock Exchange (PSX) since 2007 to 2016 using Pooled regression Model to examine the Hypothesis. The study used three dependent variables to measure the firm performance they (ROA, ROE, NPR), and four independent variables to measure the corporate governance and capital structure and they are (Board Size, Audit Committee, LTDR & STDR). Observational outcomes researched that transient obligation proportion and Long-haul debt proportion has significantly influence with ROA & NPR. Furthermore, board size and audit committee have insignificant association with the firm financial performance. Consequently, the research stated that ROE has inconsequential whether negative or positive association with all the independent variables namely Board size, Audit Committee, STDR, and LTDR. The result of the study was value to both academics and policy makers.

Methodology

The study is conducted using the quantitative research design because the study intends to examine the relationship between corporate governance and firm value. This study is based on secondary data which was gathered from journals and internet and the data for the research was derived from the annual report and account of the Nigerian Breweries plc from 2001-2018.

The method of data analysis that was used is Ordinary Least Square (OLS) techniques of multiple regressions to examine the impact of corporate governance on firm value. The OLS was adopted because it has been used in a wide range of economic relationship with fairly satisfactory result; this will be achieved with the aid of Econometric Views (E-Views) in presenting the result.

Model specification

The study employed a multiple linear estimation process to investigate the impact of corporate governance on firm's value with regards to the dependent variables Return On Equity (ROE), a proxy for firm's value and independent variables Board Composition, Board Size, Ownership Structure and Audit Committee (BC, BS, OS and AC).
The variables are expressed in econometric functions as follows:
ROE =f(LOG(OS), LOG(BS), LOG(BC), LOG(AC))

The OLS model of this functional relationship is given as:

$$ROE = \alpha + \beta_1 log(OS) + \beta_2 log(BS) + \beta_3 log(BC) + \beta_4 log(AC) + \varepsilon_i$$

Where:

ROE = Return on Equity, *OS* = Ownership Structure, *BS* = Board Size,

BC = Board Composition, *AC* = Audit Committee

α = Autonomous Firm Performance when the corporate governance variables are held constant
β_1, $\beta_2\beta_3$ and β_4 are coefficients of OS, BS, BC, and AC..
ε_i = Random Error term which is assumed to be NIID $\sim (0,\sigma^2)$
Degree of relationship of ROE to respective Corporate Governance indicators were measured using Pearson Correlation coefficient as written and represented in functional relationship as:

$$\gamma = \frac{\mathrm{Cov(X,Y)}}{\sqrt{\mathrm{var(X)Var(X)}}}$$

Writing equation 3.3 in statistical form, we have;

$$\gamma = \frac{\sum_{i=1}^{n}(X_i - \bar{X})(Y_i - \bar{Y})}{\sqrt{\sum_{i=1}^{n}(X_i - \bar{X})^2 \text{ x } \sum_{i=1}^{n}(Y_i - \bar{Y})^2}}$$

Results, Discussion and Interpretation

Results and Discussion

Table 4.1: Descriptive Statistics (N =18)

Statistic	Variables				
	ROE	**OS**	**BS**	**BC**	**AC**
Mean	0.300142	2.500000	5.666667	13.16667	5.944444
Median	0.284329	2.500000	6.000000	13.00000	6.000000
Maximum	0.517769	3.000000	6.000000	15.00000	6.000000
Minimum	0.113238	2.000000	2.000000	11.00000	5.000000
Std. Dev.	0.121632	0.514496	1.028992	1.150447	0.235702
Skewness	0.299174	-2.60E-17	-2.962963	0.145759	-3.880570
Kurtosis	1.873222	1.000000	10.48148	2.303704	16.05882
Jarque-Bera	1.220737	3.000000	68.31687	0.427358	173.0761
Probability	0.543151	0.223130	0.000000	0.807608	0.000000

***Source**: Extracted From E-views, Version 9.*

Table 4.1 depicts the brief description of the data. The average value of ROE, OS, BS, BC and AC was analyzed coupled with the maximum and minimum values of the variables over time. In addition, the variables were subjected to normality test to know the pattern of behaviors. The Jarque-Bera test for ROE (1.220737), OS (3.000), and BC (0.427358) with their corresponding P-vales of 0.54315, 0.22313 and 0.807608 indicates that we can conclude the normality of the corporate governance variables (P-values > 0.05 level of significance). Although, BC and AC were found to be abnormal (P-values < 0.05 level of significance). Testing this makes us to calibrate the variables into model building strategy thereby testing the significance of the independent variables to ROE as a measure of firms' performance.

Table: Covariance Analysis: Ordinary
Date: 06/05/19 Time: 09:01
Sample: 2001 2018
Included observations: 18

Correlation t-Statistic Probability	ROE	OS	BS	BC	AC
ROE	1.000000 ----- -----				
OS	0.543098 2.172551 0.0252	1.000000 ----- -----			
BS	0.459334 2.068460 0.0352	-0.333333 -1.414214 0.1765	1.000000 ----- -----		
BC	-0.056829 -0.227684 0.8228	0.347833 1.483997 0.1572	0.347833 1.483997 0.1572	1.000000 ----- -----	
AC	-0.019928 -0.079727 0.9374	0.242536 1.000000 0.3322	-0.080845 -0.324443 0.7498	0.253086 1.046409 0.3109	1.000000 ----- -----

***Source**: Extracted From E-views, Version 9.*

Covariance analysis of table 4.2 depicts the degree of relationship between variables of corporate governance and firms' performance. Taking Ownership Structure (OS) and to ROE into consideration, analysis indicates that there exists strong positive relationship between the duos (r=0.543098) i.e. as firms' ownership structure increases, Return on Asset also increases.

However, the measured degree of relationship was found to be statistically significant (P-value 0.0252 < 0.05 significance level). In addition, coefficient of the Board Size (BS) indicates the existence of strong positive relationship to ROE with coefficient of 0.459334 and was also found to be statistically significant (P-value 0.0353< 0.05 level of significance). Variables of Board Composition (BC) and Audit Committee (AC) have negative relationship with ROE (r = -0.056829, r = 0.019928) and was not significant compared to OS and BS counterparts.

Table: Regression Result (Dependent Variable: ROE)
Method: Least Squares
Date: 06/05/19 Time: 08:50
Sample: 2001 2018
Included observations: 18

Variable	Coefficient	Std. Error	t-Statistic	Prob.
LOG(OS)	0.492017	0.164300	2.994626	0.0064
LOG(BS)	0.339034	0.132541	2.557953	0.0238
LOG(BC)	-0.649134	0.419164	-1.548640	0.1455
LOG(AC)	0.218224	0.678241	0.321750	0.7528
C	0.831109	1.312288	0.633328	0.5375

R-squared	0.336192	Mean dependent var	0.300142
Adjusted R-squared	0.131943	S.D. dependent var	0.121632
S.E. of regression	0.113324	Akaike info criterion	-1.286999
Sum squared resid	0.166950	Schwarz criterion	-1.039674
Log likelihood	16.58300	Hannan-Quinn criter.	-1.252897
F-statistic	14.64599	Durbin-Watson stat	1.462130
Prob(F-statistic)	0.002034		

Source*: Extracted From E-views, Version 9.*

Substituting the coefficients, we have;

$ROE = 0.831109 + 0.492017 \log(OS) + 0.339034 \log(BS) - 0.649134 \log(\ B\ C) +$
$0.218223 \log(AC)$(4.1)

The model fitted in table is given by equation (4.1). This model gives a reasonable projection of firms' performance (ROE) and Corporate Governance (BC, BS, OS, and AC) which is statistically significant based on the computed 'F'(14.64599) value and associated P-value of 0.002034. This shows that there is overall significance of BC, BS, OS, and AC to ROE. It can also be evidenced that the model (4.1) has captured goodness of fit.

However, the model strong coefficient of determination ($R^2 = 0.492017$) implies that only 49.2% of the variation in measure of ROE is accounted for by the predictors which clearly shown that the model is adjudged a best fit. 13.2% of the variation in ROE can be accounted for when other predictor variables are added to the model as evidenced from the adjusted R-squared value of 0.131943. In addition, there exists an estimate of 83.1% autonomous ROE when BC, BS, OS and AC are held constant. Also, analysis also revealed in table 4.3 that a unit increase in OS, BS and AC tends to 49.2%, 33.9%, and 21.8% increase in ROA when other corporate governance indicators are held constant. Also, a unit increase in BC tends to 64.9% decrease in ROE. The resulting negative effect of BC can be as a result of unexpected decrement change exhibited in the firm's board composition.

Hypotheses Testing

The hypotheses of this research work were tested using t-test of the significance of linear regression model extracted from the parameter estimates in table.

Decision rule:

Reject H_0 if $\alpha=0.05$ level of significance is greater than the probability value (P-value) generated for the T-statistic value. Otherwise, fail to reject H_0. For the purpose of this research work, the hypotheses were tested at 95% confidence level i.e. $\alpha=0.05$.

Hypothesis 1

The size of the board has no significant impact on the performance of organization in Nigeria. On whether size of the board have significant impact on Performance of Organization, the t (-2.557953), P-value 0.0238< $\alpha=0.05$ in table 4.3 indicates that we reject the null hypothesis of no significance and conclude that the size of the board has significant impact on the performance of organization in Nigeria. However, the size was found to be positively inclined which is within the a priori opinion that Board size should have positive significant impact on performance of firms in Nigeria.

Hypothesis 2

The composition of the board has no significant impact on the performance of the organization in Nigeria. On whether board composition have significant impact on Performance of organization in Nigeria, the t(-1.54864), P-value 0.1455 > $\alpha=0.05$ indicates that we fail to reject the null hypothesis of no significance and conclude that composition of the board does not impact enough on organization performance.

Hypothesis 3

The ownership structure has no significant impact on the performance of organization in Nigeria. Lastly, statement of hypothesis 3 on whether Ownership Structure have significant impact on Firms performance, the t (2.994626), P-value 0.0064 < $\alpha=0.05$ indicates that we also reject the null hypothesis of no significance and thereby conclude that ownership structure has significant impact on the performance of organization in Nigeria.

Hypothesis 4

There is no significant relationship between audit committee and firm's performance. The t (-0.079727), P-value 0.9374 < $\alpha=0.05$ in covariance analysis of table 4.2 indicates that we fail to reject the null hypothesis of no significance and conclude that there is no evidence of enough relationship between audit committee and firms performance.

Summary of Findings/Interpretation of Results

This research work is based on the “the Impact of Corporate Governance and firm’s value. The reported R-squared showed the significant variation of the contributory variables of corporate governance that can be accounted for by firm’s performance of ROE.

The Board Composition (BC) and Audit Committee (AC) have negative contribution to the performance of the organization as it negates the theoretical a priori because BC should have a positive impact on ROE. The variable was also found to be statistically insignificant.

The Ownership Structure (OS), Board Size (BS) have positive effects on ROA. This also implies that the OS, B S, and AC have direct relationship with the ROE over the study period. This is in line with the prior assumption i.e. the higher the Ownership Structure (OS), Board Size (BS) the higher ROE as a measure of firm performance.

Result of Hypothesis Testing

The overall significance of the parameters in the regression model was tested using F-ratio. The statistical properties of the model are very good and our expectations were met. Hence, valid inference could be drawn from the analysis. The result of the F-statistic reveal a P-value @ <0.05 which indicates that the model is of good fit and can be use in predicting the performance of firm taking variables of corporate governance into consideration due to lack of shortcomings in its statistical diagnostic measures of normality (Jarque-Bera 0.208779, P-value 0.900874> 0.05 significance level).

In conclusion, OS and BS significantly contribute enough to ROE while variables of BC and AC does not significantly contribute enough. The insignificant contribution might be as a result of other factors such as reduction in ownership structure and board size within some timeframe.

Conclusion

The relationship between corporate governance and the firm’s value of listed companies in Nigeria from 2001 to 2018 has been explored using data collected from the financial statements of one listed (1) companies in the Nigerian stock exchange and the variable adopted to measure corporate governance are Board size (BS), board composition (BC), ownership structure (OS) and audit committee (AC) respectively. Firm value was measured by return on equity (ROE) as it was quite adopted by most researchers. The result indicated that board size has significant impact on the firm value, ownership structure also has significant impact on the firm value.

While board composition and audit committee have no significant impact on the firm value. It was discovered that bigger board size contributes more to the firm value than smaller board size. Also, when a board size is large, it will be difficult for a person (may be CEO) to dominate the board and decisions reached by the board are seen to have emanated from sound and constructive arguments.

The result is in consonant with Abdulazeez *et al* (2016) where he found out that board size and ownership concentration are significant to firm performance.
The result of the summary statistics revealed that the proportion of non-executive director serving in the boards of companies are high and this is in compliance with the specification of corporate governance code which specifies that the number of non-executive directors should be higher than

the executive directors. Of course, to continue to enjoy the advantage of larger board size, efforts should be directed at bringing on board those with relevant credentials, competence and wide range of experience.

Recommendations

The following are recommended that;

i. The size of the board (membership) should be increased from fifteen (15) but not exceeding the maximum number specified by the code of corporate governance for companies which is thirty (30).
ii. Companies should ensure that majority of their board members are independent meaning that the directors are not employees of the company and do not depend on it for their livelihood so that they can fearlessly and honestly monitor the activities of the CEO and other directors (executive). This will help constraint CEO and executive directors from taking advantage or exploiting other stakeholders;
iii. The board size should be in line with corporate size and activities. Setting arbitrary benchmark for board size may not be productive especially in relatively small firms.
iv. Companies should ensure that the Audit Committee comprises of an equal number of six (6) shareholders including the directors at all times as it has a positive relationship with the firm value.
v. Government should enact laws on institutional and governmental ownership to serve as control mechanism and in the long run it maintains and enhances firm value.

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APPENDIX

Year	ROE	BC	BS	OS	AC
2001	0.17994	13	6	2	6
2002	0.34879	13	6	2	6
2003	0.280764	14	6	2	6
2004	0.180025	12	6	2	6
2005	0.287894	13	6	2	6
2006	0.21051	12	6	2	6
2007	0.309854	12	6	2	5
2008	0.517769	13	6	2	6
2009	0.431581	13	6	2	6
2010	0.436374	12	6	3	6
2011	0.490505	13	6	3	6
2012	0.407101	13	6	3	6
2013	0.383416	14	6	3	6
2014	0.247262	15	6	3	6
2015	0.220977	15	6	3	6
2016	0.171266	15	6	3	6
2017	0.185288	14	4	3	6
2018	0.113238	11	2	3	6

Source: Extracted from NBC PLC annual report