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CORPORATE GOVERNANCE AND FINANCIAL PERFORMANCE OF LISTED CONGLOMERATE FIRMS IN NIGERIA

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Abstract
This study sought to investigate the impact of corporate governance on the financial performance of listed conglomerate companies in Nigeria. Specifically, the study examined the impact of board independence, board size, and audit committee size on the financial performance of listed conglomerate companies in Nigeria. The study adopted an expo factor research design and considered secondary data covering a period of 10 years (2013 to 2022). The study was only conducted on 5 listed conglomerate firms in Nigeria from 2013 to 2022. Data analysis methods included both descriptive and inferential analyses; included in the study's descriptive analysis were mean, standard deviation, minimum, and maximum analyses. Furthermore, correlation analysis, panel estimates with fixed effect and random effect, and post-estimation tests including the Hausman test, Wald test of heterogeneity, Wooldridge autocorrelation test, and Pesaran test of cross-sectional dependency were all used as inferential methods. From the analysis conducted, it was revealed that BOS has a negative insignificant impact on TOB to the tune of -0.06267 ($p=0.092>0.05$, BOI has a negative significant impact on TOB to the tune of -0.02936 ($p=0.001<0.05$) and ACS has a positive insignificant impact on TOB to the tune of 0.1725($p=0.382>0.05$). Therefore, it is concluded that a statistical relationship exists between corporate governance and the financial performance of conglomerate firms in Nigeria. Correspondingly, it was recommended that to improve and maximize the firm's value and shareholders' wealth, it would not be out of place to lessen the current proportion of independent directors on the board, thereby, minimizing agency problems in firms.

Keywords: Board Independence, Board Size, Audit Committee, Financial Performance

Introduction

The contributions of the manufacturing sector to the survival of Nigeria economy cannot be underestimated. The manufacturing sector has been acknowledged to be the king of all sectors in Nigeria. This sector sees to the conversion of resources from the natural stage to consumable products at a cost to satisfy the basic needs of the people which include foods, clothing and shelters. These items when produced also serve as a significant source of revenue generation to the government when exported to the neighbouring nations, thus, inflate the relevance of this nation to the neighbouring countries around the globe. As a result of the continuous growth of this sector, many shareholders across the globe highly appreciate the productivity of this sector, and choose to invest more of their funds in this sector. These funds are judiciously used to achieve better results in terms of financial performance.

Financial performance is described as the ability of corporate to meet up with their daily financial needs and that of their shareholders. In the manufacturing sector, financial performance is seen as the final profit of a manufacturing firm after a fiscal year, which comes from the transactions and investments which the firm would have undertaken for that year (Abubakar, 2022). In essence, financial performance is an end product which is gotten after a significant amount of activities have taken place. Basically, the financial performance of a firm should be positive or good, because it is directly related to the corporate survival of the firm. In most modern organizations, there is a distinct difference between ownership of a firm and management of a firm. This distinction seems to have been created out of the need to ensure smooth operations and productivity of a firm.

Unfortunately, this separation appears not to have yielded successful results as was evidenced by different corporate scandals like Enron, Worldcom and other corporate giants (Sylviah, 2022). Hence, institutions and investors have become more cautious when evaluating the financial performance of firms. Aside from reviewing performance indicators like earnings per share (EPS), dividend per share (DPS), return on asset (ROA), return on equity (ROE) and return on capital employed (ROCE) among others, institutions and investors also emphasize the corporate governance of firms (Kyere & Ausloos, 2020). Corporate governance is a phenomenon that has gained worldwide recognition in the 21st century. It is widely accepted that corporate governance is one of the foremost predictors of the financial performance of firms in the short run and the long run (Solanke, et. al., 2022).

Corporate governance is believed to be an umbrella term for the policies, strategies and techniques utilized by a firm to control and organize a firm’s production, operation and activities for the foreseeable future. It embodies the designs, procedures and structures which a firm adopts to achieve its financial and non-financial objectives. According to Kyere and Ausloos (2020), a firm with a stable and solid corporate governance mechanism would not find it difficult to clearly define and meet its objectives. In Nigeria, there is a general adoption of principles-based corporate governance (Elmagrhi, 2022). The principles-based mechanism recognizes the uniqueness of firms in the way they carry out their business. Nevertheless, there is still a measure of enforcement for listed firms to have a certain level of adherence to some basic policies. The significance of corporate governance on a firm’s performance has made nations all over the world to review and reset policies and laws concerning the activities and operations of their listed firms.

The mechanisms of corporate governance are numerous however, some of the most significant internal and external corporate procedures will be employed as predictor variables in this study, including board independence, board size, board audit committee, and board diversity. According to scholars’ opinion, each of these variables has the greatest bearing on corporate governance metrics that affect bank financial performance (Olayinka, 2022). Based on this background, the researcher will investigate corporate governance and financial performance of listed conglomerate firms in Nigeria.

Statement of the Problem

The industrial sector is becoming the most vibrant sector in the Nigeria economy. This has been propelled by innovation and creativity in production of goods and inclusion in the global international market (Adegbite, Amaeshi & Nakajima, 2021). Despite these developments, there are cases of malpractice in manufacturing industries in Nigeria and this has been attributed to corporate governance. There have been several prevalent scandals in the industrial sector. Most of the industries were declared insolvent around or before 2020 owing to poor corporate governance (Ali, 2022). The most recognizable ones are Ile-Oluji cocoa manufacturing firms, standard printing and publishing company and African petroleum company. Also, investors and regulators have become more interested in the rules and regulations of corporate governance because of the high-profile collapse of a number of large manufacturing firms.

Despite the significance and interests in having a stable and solid corporate governance scheme, Elmagrhi (2022) and Guluma (2021) recognized that one of the forefront issues allegedly hindering the success of corporate governance on financial performance in both developed and developing economies is the misalignment of shareholders' interest and managers' interest. This occurs when the owners of a firm and the management of the firm are unable to reach a solid conclusion or decision in regard to the direction or action the firm should take in relation to its business activity.

Information asymmetry is another issue beguiling corporate governance in the modern era. This occurs when managers can manipulate privileged information to get a particular, favored response from the public, shareholders, or even investors (Al-Faryan, 2022). Since management is in charge of the daily activities of a firm, it is quite easy for them to have access to information that investors and shareholders do not have. They could control this information and present it to the public to elicit a particular reaction that would ultimately favour their selfish interest.

Shareholders need to ensure that they have a stronger grip on the management of their firm. Most shareholders have a board of directors who oversee the functions and activities of the management of the firm. These board of directors are made up of directors who are involved in the day-to-day activities of the firm, as well as those who do not hold any significant stake in the activity of the firm. Despite the placement of the board of directors, Adetunji (2021) noted that it was still possible to deal with issues concerning the board size, independence of the board, number of annual general meetings, independence of the audit committee and gender diversity on the board of directors.

Several studies have been conducted on corporate governance and its impact on financial performance in the manufacturing sectors within and outside the shore of Nigeria. However, findings reported are mixed. While studies like Mohammed (2022), Okoye, Evbuomwan, Achugamonu and Aragham (2022), Agbaeze and Ogosi (2021), reported a positive impact of corporate governance on the performance, studies like Ajala, Amuda and Arulogun (2021) and Adegbami, Donald and Ismail (2022) reported a negative impact thereby creating a gap for more studies to be conducted. Noticeably from all these studies, particularly those conducted in Nigeria, CEO duality and gender diversity seem not to be well appreciated by researchers and thereby constitute another gap this study intends to fill.

Similarly, correlation and multiple regression were the methods of analysis used by these studies, except those conducted in the developed countries. This, therefore, constitutes another vacuum this present study intends to fill with the use of panel data regression analysis. Also, none of the reviewed studies used a time series data spanning from 2013 to 2022. To emphasize the need for corporate governance as a productive tool for improved performance of selected conglomerate firms in Nigeria, this study tried to examine corporate governance and performance of listed conglomerate companies in Nigeria.

Research Objectives

The primary aim of this study was to investigate the impact of corporate governance on financial performance of listed conglomerate companies in Nigeria. Specifically, the study:

i. examined the impact of board independence on financial performance of listed conglomerate companies in Nigeria;
ii. investigated the impact of board size on financial performance of listed conglomerate companies in Nigeria;
iii. determined the impact of audit committee on financial performance of listed conglomerate companies in Nigeria.

Research Questions

The following questions have been developed to provide guidance for the study:

i. What is the impact of board independence on financial performance of listed conglomerate companies in Nigeria?
ii. What is the impact of board size on financial performance of performance of listed conglomerate companies in Nigeria?
iii. What is the impact of audit committee size on financial performance of performance of listed conglomerate companies in Nigeria?

Research Hypotheses

The hypotheses were formulated in a null form in line with the study objectives as follows

H01: Board Independence has no significant effect on financial performance of listed conglomerate companies in Nigeria;

H02: Board Size has no significant effect on financial performance of listed conglomerate companies in Nigeria;

H03: Audit committees has no significant effect on financial performance of listed conglomerate companies in Nigeria.

Empirical Review

Board Independence and Financial Performance

From 2006 to 2022, Odili, Ezendu, and Orikara (2022) looked at how corporate governance mechanisms affected the financial performance of the banking industry. They discovered that board independence has a favorable and substantial impact on bank performance using the least squares approach. Other empirical investigations discovered a link between board independence and poor financial results.

Khaldoon (2022) conducted on study to examine how corporate governance practices and business characteristics affect the financial performance of Icelandic listed companies. Returns on Asset (ROA), Returns on Equity (ROE), and Earnings per Share (EPS) were used to gauge financial success. The study included 114 Iceland Stock Exchange-listed businesses from 2009 to 2021. The study used of hierarchical regression analysis. The results demonstrated a substantial relationship between institutional ownership, board independence, board diligence, the inclusion of an audit committee, and financial success.

In order to ascertain the impact of an independent board of commissioners and competent audit committee members on the performance of listed manufacturing enterprises in Australia, Yenny and Yulia (2022) conducted a study. Secondary data from the financial statements filed on the Indonesian Stock Exchange between 2021 and 2022 was used in the study. Using the SPSS Version 21 computer program, the multiple regression approach was used to analyze the data. The study's findings showed that while the competence of the members of the Audit Committee had a substantial impact on the financial performance of listed industrial enterprises, an independent board of commissioners had no discernible impact on financial performance.

A study carried out by Al Qudah, (2022) found no association between board independence and financial performance of Banks in Jordan, whilst Haldar *et al.*, (2021) conducted a similar study in India and discovered a negative relationship between board independence and performance.

Enilolobo, Adesanmi and Aigbe (2022) examined the corporate governance and financial performance of listed firms in Nigeria; comparing the food and petroleum products industries**.** The study used secondary data for ten (10) listed food and petroleum firms over a period of seven (7) years (2020-2022). Board size, audit committee, board independence, and ownership structure as proxies for corporate governance while financial performance was represented with return on asset (ROA). Panel regression analysis was used to analyze the data. Hausman test was carried out for the appropriateness of the panel method to use. The Hausman test revealed that the fixed effect was more appropriate, as such, fixed effect panel regression was applied. The results of the analysis showed that corporate governance mechanisms of board independence, audit committee and ownership had positive effect on financial performance of the food and petroleum firms in Nigeria.

Board Size and Financial Performance

In Istanbul, Turkey, Topal and Doğan (2022) carried out a study among manufacturing firms using robust estimator developed by Beck-Katz (1995) to analyze data from 2002-2021. Among other findings, it was discovered that there was a positive relationship between board size and return on asset, but there was no impact of board size on return on equity.

In the Nigerian banking sector, Bebeji, Mohammed and Tanko (2022) employed multivariate regression analysis and discovered that board size had significant negative impact on the performance of banks.

A study carried out in Bangladesh was undertaken by Nath, Islam and Saha (2022) in the pharmaceutical industry. A substantial inverse relationship between board size and business financial success was found, among other things.

Isaac and Nkemdilim (2022) researched on performance and the corporate governance of Nigerian banks and established that a negative relationship existed between composition of the board, size of the board and the financial performance of banks using GMM estimation model. The research also found a significant and positive association between commercial bank performance and directors' equity interest

Christelle (2022) examined the effect of corporate governance structure on financial performance of listed commercial banks in United State of America. The data was collected from annual reports and the banks' websites by a data collection sheet for each of the banks which collected the ROE, ROA, directors' equity interest, board gender representation and size of the board. Data analysis was done by the SPSS Version 21. Descriptive and Inferential statistics were used to analyse the data. These were Pearson correlation analysis and regression analysis. In regard to board size, the study found that the average size of board size of the sampled banks was 10 board members. The correlation analysis indicated a positive and significant relationship between board size, director equity interest and board gender diversity but not with ROE.

Another study conducted in Nigeria by Olayiwola (2021) used panel data regression on data from 2020 to 2022. Among other findings, it was seen that board size had a significant negative association with net profit margin.

Adesanmi, Sanyaolu, Ogunleye and Ngene (2021) examined the effect of corporate governance on the financial performance of manufacturing companies and banks in Nigeria from 2005 to 2022. The study used proxies such as; the size of the board, audit committee and board independence as proxy for corporate governance. The data for the study were analyzed using the pooled least square method of regression and paired t-test. The pooled ordinary least square regression results showed an R2 of 0.71 (71%) for the manufacturing firms while the R-squared of 0.85 (85%) was obtained for the sampled banks. The study found that there was a positive and significant relationship between Board Size, Board Independence and ROA of the studied companies in the manufacturing and banking sectors.

Alexander and Mercy (2020) examined the influence of corporate governance principles on banks financial performance in Ghana. Data for the study was gathered from the annual reports and the financial statements of the sampled banks from the period 2007-2022. Random effect model was used to analyse the data. This study found a significant positive relationship between board size and financial performance measured by ROA and ROE of banks in Ghana.

Lawrence, Felicia, Johnson, Felix and Rhoda (2020) explored the nexus between governance practices and bank profitability in Nigeria. It adopted the size of bank board and directors' stake as proxies for corporate governance, with return on assets and return on equity as representations for financial performance. The research incorporates firm size as a controlled variable. The estimation technique of the Generalized Method of Moments was employed. Evidence from the research reveals that board size, directors' equity, and firm size substantially affect Nigerian banks' financial performance. Besides, the study shows a robust effect of lagged return on equity on the current level of performance.

Board Audit Committee and Corporate Governance

Osemene and Fakile (2021) revealed that audit committee financial expertise and audit committee meetings significantly influenced deposit money banks' financial performance (ROE). Correlation and ordinary least squares (OLS) regression were used as analytical tools in the study.

Meanwhile in Iraq, Khudhaira, Al-Zubaidi and Rajia (2021) discovered through logit regression technique that there was a positive relationship between audit quality and the percentage of non-executive directors in the audit committee among non-financial firms.

Sanyaolu, Adesanmi, Imeokparia,Sanyaolu and Alimi (2021) examined the effects of corporate governance on the financial performance of listed deposit money banks in Nigeria from 2007-2022. The study used board size, audit committee, board independence, board gender diversity and Firm size as proxy for corporate governance while financial performance was proxy with return on asset (ROA). The study randomly examined eight (8) deposit money banks listed on the Nigerian stock exchange and obtained data from the annual reports of the banks from 2007-2022. The data extracted were analyzed using pooled least square method of regression. The study found a negative significant relationship between board size, Audit committee, Firm size and return on asset. However, the study found a positive and insignificant relationship between Board Independence and return on asset of the studied banks.

In Indonesia, Ashari and Krismiaji (2022) revealed that audit committee among manufacturing firms positively affected company's performance (ROA) in 2022 and 2022 fiscal years.

In a larger dimension, a cross-continental study was undertaken by Haddad, El Ammari and Bouri (2021) in America, Asia, Africa, and Europe using Generalized Least Squares analysis on data set from 2020 to 2022 among Islamic and conventional banks. Findings paved way for the fact that audit committee reduced the profitability of the two bank types.

In Sri Lanka, Abeygunasekera, Weerasuriya and Kehelwalatenna (2021) performed a study using random effects model on collated data from 2022 – 2021. From the analysis, it was discovered that AC independence has a significantly positive effect on firm performance.

In Bahrain, Oudat, Ali and Qeshta (2021) used linear panel regression method on data from 2021 to 2022 among services sector. Findings proved that there was a significant relationship between AC independence and AC meeting on return on assets, return on equity and earnings per share, while there was no statistical significance between AC financial expertise and AC size on return on assets, return on equity and earnings per share.

Gaps in Literature

Several studies have been conducted on corporate governance and its impact on financial performance in the manufacturing sectors within and outside the shore of Nigeria. However, findings reported are mixed. While studies like Mohammed (2022), Okoye, Evbuomwan, Achugamonu and Aragham (2022), Agbaeze and Ogosi (2021), reported a positive impact of corporate governance on the performance, studies like Ajala, Amuda and Arulogun (2021) and Adegbami, Donald and Ismail (2022) reported a negative impact thereby creating a gap for more studies to be conducted. Noticeably from all these studies, particularly those conducted in Nigeria, CEO duality and gender diversity seem not to be well appreciated by researchers and thereby constitute another gap this study intends to fill. Similarly, correlation and multiple regression were the methods of analysis used by these studies, except those conducted in the developed countries. This therefore, constitutes another vacuum this present study intends to fill with the use of panel data regression analysis. Also, none of the reviewed studies used a time series data spanning from 2021 to 2022. To emphasize the need for corporate governance as a productive tool for improved performance of selected conglomerate firms in Nigeria, this study tried to examine corporate governance and performance of listed conglomerate companies in Nigeria.

Methodology

The expo-facto research design was adopted. All the conglomerate firms listed on the Nigeria Stock Exchange made up the population of this study. The sample cover 5 conglomerate companies (UAC of Nigeria, John Holt, Transnational Corporation of Nigeria, SCOA Nigeria and Chellarams), listed on the Nigerian Stock Exchange in Nigeria for a period of 10 years, spanning from 2013-2022 and this was achieved through random sampling technique. The selection of 10 years is primarily due to the availability of data and the need to capture periods with significant effects on manufacturing firms' operations including the global financial and economic crises and a period after domestic economic recession. Secondary data from the audited financial statements of conglomerate companies listed on the Nigerian Stock Exchange

(NSE) for ten years, from 2013 to 2022, were used for this study. This study adapted the model used by Ullah (2022) who examined corporate governance and the performance of firms. Tobins' Q was made a function of board size, independence, CEO duality and ownership structure. The model is presented below:

Functional

$TOB_{it} = f(BOS_{it}, BOI_{it}, CEO_{it})$ ……………………….1

Linear

$TOB_{it} = \beta_o + \beta_oBOS_{it}, + \beta_oBOI_{it}, + \beta_oCEO_{it} + e_t$……………………….2

However, little modification was done. CEO duality was replaced with audit committee. The economic model of the study is presented below.

$TOB_{it} = f(BOS_{it}, BOI_{it}, AUC_{it})$ ……………………….3

$TOB_{it} = \beta_o + \beta_oBOS_{it}, + \beta_oBOI_{it}, + \beta_oAUC_{it} + e_t$……………………….4

Method of Analysis

Both descriptive and inferential statistical analyses were used for the study. Descriptively, the variables of the study were described using mean, standard deviation, minimum and maximum. Thereafter, Pearson correlation and panel regression analysis were conducted. The panel regression comprised the pooled, random and fixed effect estimations. After this, Hauman test was conducted to ascertain the most consistent estimation technique to be adopted for the findings of the study.

RESULTS

Table 1: Descriptive Statistics

	TOB	BOS	BOI	ACS
Mean	1.423	13.657	60.61	6.05
Std. Dev.	2.16	3.35	12.17	0.37
Obs.	140	140	140	140
Minimum	-9.53	6	36.84	4
Maximum	5.62	21	93.75	8

Source: Author's Computation, 2024.

Table 1 shows that the Tobin's Q of the sampled listed conglomerate firms across 10 years, 2013-2022, has an average of 1.423 with a minimum and maximum values of -9.53 and 5.62 respectively. The standard deviation of Tobin's Q of 2.16 indicates its high variation across the sampled firms and the period covered. The board size of the conglomerate firms sampled ranges from 6 to 21 members with most firms having 14 members. Averagely, the boards are constituted by 61 nonexecutive directors and up to a maximum of 93 members with a minimum of 36 members. The firms have an average of 6 members making up the audit committee, maximum of 8 and minimum of 4 members.

Pearson Correlation Matrix

Pearson correlation was carried out to analyze the connectivity between the pair of variables.

Table 2 Result of Pearson Correlation Matrix

	TOB	BOS	BOI	ACS
TOB	1			
BOS	.096	1		
BOI	-.407***	.058	1	
ACS	.1198	-.001	-.102	1

Source: *Author's Computation, 2024.*

Results from table 2 revealed that a positive relationship exists between TOB and other variables except with BOI. This indicates that the outcome variables moved in similar directions across the sampled firms. A similar positive relationship exists between BOS, BOI and ACS. A negative relationship exists between BOI and ACS indicating that the variables move in different directions for the period covered. A negative relationship exists between BOI and ACS. ACS has a positive correlation with all the predictors.

Panel Regression Analysis

As a result of the availability of cross-sectional and time series data to achieve the stipulated objectives, the panel estimation techniques are carried out for the two models of the study.

Table 3: Panel estimation and diagnostic tests' results

VARIABLES	*OLS*	*FE*	*RE*	*FGLS*
BOS	-0.03503 (0.536)	0.1335 (0.045)	0.0785 (0.199)	-0.06267 (0.092)
BOI	-0.0363 (0.010)	-0.03218 (0.063)	-0.02887 (0.058)	-0.02936 (0.001)
ACS	0.3887 (0.355)	-0.0605 (0.574)	0.07179 (0.850)	0.1725 (0.382)
Constant	-14.7224 (0.000)	-20.4445 (0.011)	-14.0955 (0.001)	-13.3143 (0.000)
Observations	50	50	50	50
R-squared	0.3507	0.4826	0.5199	
Adj. R-Squared	0.3214	0.2981	0.3165	
F-Stat	11.97(0.0000)	2.82(0.0132)	28.44(0.0001)	52.60(0.0000)
Pesaran CD Test	-	3.847 {0.001}	-	-
Hausman Test	-	-	1.07(0.9829)	-
Breusch-Pagan LM Test	-	-	23.41(0.0000)	-
Modified Wald Test for Heteroskedasticity	-	450.31(0.000)	-	-
Woodridge Test for	-	$F_{(1,13)}$ = 1.928	-	AR (1) =

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Autocorrelation		Prob > F= 0.1883		0.3857

Source: *Author's Computation, 2024.*

The Hausman test results conducted to decide on the appropriateness of either fixed or random effects favours random effect with p-value of 0.9829. On the other hand, the Breusch – Pagan LM test with the p-value of 0.000 makes random effect inappropriate estimation technique for the model. However, since the Hausman test favours random effect estimation, further tests for cross-sectional independence, heteroskedasticity and serial/autocorrelation become necessary. The result of Pesaran CD test reveals the presence of cross-sectional dependence. The Modified Wald test f and Wooldridge test results led to the rejection of the null hypothesis of homoskedasticity and no serial correlation. Therefore, the Feasible Generalized Least Squares, FGLS that corrects for heteroskedasticity and autocorrelation is considered appropriate for our hypothesis testing and result interpretation. From the FGLS results, BOS and BOI have a negative effect on TOB with the coefficient values of -0.06267 and -0.02936 respectively. The negative effect is only significant for BOI with the probability value of 0.001<0.05 against the insignificant negative effect of BOS with the p-value of 0.092>0.05. On the contrary, ACS has a positive insignificant effect on TOB to the tune of 0.1725(p=0.382>0.05).

Test of Hypotheses

Table 6: Summary of the Hypotheses

S/N	Hypothesis	Coe. Value	P-value	Remark
1	BOS and TOB	-0.06267	0.092	Accept null hypothesis
2	BOI and TOB	-0.02936	0.001	Reject null hypothesis
3	ACS and TOB	0.1725	0.382	Accept null hypothesis

Source**:** *Author's Computation, 2024.*

Discussion of Findings

The impact of corporate governance on the financial performance of listed conglomerate firms in Nigeria has been attempted to be revealed. For the examination carried out in this study, the FGLS estimate result was deemed to be the most reliable and effective estimator. As a result, the discussion will concentrate on the FGLS estimate's outcome. It was found that board size (BOS) and board independence (BOI) have a negative impact on deposit money banks' financial performance as measured by Tobin's Q (TOB) with the coefficient values of -0.06267 for BOS and TOB, -0.02936 for BOI and TOB. This shows that a 1% increase in board size would result in a considerable decline in TOB, with 6.3%. A 1% increase in the number of independent directors on the board will also result in a 2.9% decline in the financial performance measured by TOB, all other things being equal.

The negative effect of Board Size (BOS) and Board Independence (BOI) became significant for BOI only with the probability value of 0.001<0.05 against the insignificant negative effect of BOS with the p-value of 0.092>0.05. A-priori evaluation of the results revealed that there was contradiction between the study's conclusions regarding board size and board independence, which demonstrated a negative effect in contrast to the anticipated positive effect. The conclusion reached by Mohammed & Ayoib (2022) and Appah & Emeh (2021) that board size and board independence had a favorable, substantial impact on organizations' performance is refuted by these studies. These results, however, supported Ohiokha and Idialu's (2022) conclusions that there was a negative and statistically significant link between business size, profitability, and firm profitability in both the Nigerian and Malaysian examples.

The Audit Committee Size (ACS) has a positive but insignificant impact on financial performance as measured by Tobin's Q (TOB) to the tune of 0.1725($p=0.382>0.05$). This shows that a 1% increase in the number of audit committee members on the board of directors would stimulate increases in ROA by 17.3%. The agreement between the study's findings and the a priori expectations for the board audit committee was reflected in the evaluation of the results based on a priori expectations.

The claim made by Bakare, Taofiq, and Jimoh (2021) that the board audit committee had a major impact on a company's profitability was not supported by this discovery. However, the findings of this study and those of Hisham, Zuaini, and Nor (2022) and Zalailah, Saeed, and Norsiah (2022) were in agreement that the existence of a board audit committee is not substantially related to company performance. Similarly, this result did not agree with Zaitul and Desi's (2021) findings, which indicated that the contribution of board gender to increasing company value is still up for debate.

Conclusion

This study adds to the growing literature on various aspects of corporate governance mechanisms. Some of the findings are consistent with underlying theoretical positions and prior literature, while other findings deviate from them. The deviations of some findings from the theories and those of prior studies may be due to differences in the institutional contexts of the firms being examined. In this study, a review of corporate governance practices in Nigeria was carried out. The study noted that large and independent corporate boards have no capacity to increase corporate performance irrespective of performance measure, while, the audit committee size has the capacity to engender a rise in financial performance measure of Tobin's Q, though at an insignificant level. The aforementioned results for the governance-performance relationship in the study were explained by agency theory, stewardship theory and resource dependence theory. In essence, understanding the governance-performance relationship would be better understood through the perspectives and opinions of different authors. From the findings made, it is concluded that a statistical relationship exists between corporate governance and financial performance of conglomerate firms in Nigeria.

Recommendations

In line with the findings made, the following recommendations were made;

i. Based on the analysis conducted, it was seen that the presence of independent directors on corporate boards jeopardizes the financial performance of listed conglomerate firms. Thus, to improve and maximize firm's value and shareholders' wealth, it would not be out of place to lessen the current proportion of independent directors on the board, hence, minimizing agency problems in firms.

ii. Larger size failed to improve the monitoring function of the board towards maximizing the financial performance of firms as assumed by Agency theory. Hence, managers should not focus on additional directors but rather on adding qualified directors who have expert knowledge and outside links to increase the financial performance of the listed conglomerate firms. Investors would prefer to invest more in firms with lesser board size than those with large board size.
iii. Since the primary role of the Audit committees is to ensure the integrity of the audit process and financial reporting, they should ensure strict compliance with extant regulations on corporate governance to consolidate, or possibly, improve on the gains of the initiative.

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