International Journal of Trend in Scientific Research and Development (IJTSRD)
Volume 7 Issue 3, May-June 2023 Available Online: www.ijtsrd.com e-ISSN: 2456 – 6470

Corporate Governance: An Empirical Study on Tax Avoidance of Consumer Goods Firms in Nigeria

Echekoba Felix Nwolisa[1], Patrick Amechi. Mbanefo (Ph.D)[2], Ubesie Cyril Madubuko[3]

[1,2]Department of Banking and Finance, Nnamdi Azikiwe University, Awka, Nigeria
[3]Department of Banking and Finance, Enugu State University of Science and Technology, Enugu, Nigeria

ABSTRACT

This study delved the relationship between commercial governance and duty avoidance of quoted consumer goods manufacturing enterprises in Nigeria. Specifically, the study sought to examine the effect of board independence and CEO duality on effective duty rate. The study espoused the Ex Post Facto exploration design. The population comprised of all quoted consumer goods manufacturing enterprises on the Nigerian Stock Exchange (NSE) from 2010 to 2020. The sample was intentionally drawn from all the consumer goods manufacturing enterprises of the NSE. Data were attained from periodic reports and accounts of the quoted companies. The study used both descriptive and deducible statistics to assay the data. The suppositions were tested using Retrogression analysis fashion with aid ofE-view9.0. From the analysis, the study set up that board independence has positive effect on effective duty rate of quoted consumer goods manufacturing enterprises, and this effect isn't statistically significant, also CEO duality has a negative effect on effective duty rate of quoted consumer goods manufacturing enterprises, but this effect is statistically significant. The study thus recommended among others that Moderate board sizes Since an exorbitantly large board size may not ameliorate the effectiveness of opinions, the establishment should maintain optimum board size position and not exceed the sufficient number necessary to drive the company through its vision.

KEYWORDS: *Commercial governance, Board independence, CEO duality and duty avoidance*

How to cite this paper: Echekoba Felix Nwolisa | Patrick Amechi. Mbanefo | Ubesie Cyril Madubuko "Corporate Governance: An Empirical Study on Tax Avoidance of Consumer Goods Firms in Nigeria" Published in International Journal of Trend in Scientific Research and Development (ijtsrd), ISSN: 2456-6470, Volume-7 | Issue-3, June 2023, pp.44-54, URL: www.ijtsrd.com/papers/ijtsrd56304.pdf

IJTSRD56304

PREFACE

Major commercial dishonours similar as Enron, Dynegy, Tyco and the global fiscal extremity of 2007- 2009 were substantially attributed to the star-agent problem, that is, the separation of power and control in ultramodern pots (Rusmanto, Syahbandiah, & Waworuntu, 2014). Agency problem created room for moral hazard and adverse selection choices which could therefore lead to commercial duty avoidance. For case, the study by Desai and Dharmpala (2006) set up that directors can conceal rent lines through duty aggressiveness. therefore, controllers and scholars likewise have decreasingly paid particular attention to the issue of commercial governance in a shot to attack the star- agent problem (Farinha, 2003). Generally, there's a agreement that well- governed establishment were likely to have stronger mechanisms to help directorial rent birth (Desai & Dharmapala, 2006). This means that the directorial power approach suggests that boards don't operate at arm's length in contriving administrative compensation arrangements; rather, directors have power to impact their own pay, and they use that power to prize rents.

Commercial governance refers to programs and procedures espoused by enterprises to achieve certain sets of objects, commercial operations and fancies with regard to different stakeholders (Poudel, 2015). Commercial governance provides the structure through which “the objects of the company are set, and the means of attaining those objects and monitoring performance are determined. It's directed at perfecting commercial geste and the trust ability of counting information handed to the stakeholders

(Ianniello, Mainardi, & Rossi, 2013). Commercial governance "involves a set of connections between a company's operation, its board, its shareholders and other stakeholders" (OECD, 2004). According to Pilos (2017) commercial governance "deals with whether the suppliers of finance earn a return on their investments or not".

Duty is a financial charge or other tax assessed upon a taxpayer (an individual or legal reality) by a state or the functional fellow of a state (Edame & Okoi, 2014). The government uses the proceeds of the duty to render their traditional functions, which include the provision of public goods, conservation of law and order, defense against external aggression, regulation of trade and business to insure social and profitable support (Edame & Okoi, 2014; Takumah, 2014). Commercial duty avoidance refers to the deliberate attempt to reduce the quantum of levies paid. duty avoidance can be divided into respectable (legal) duty avoidance and inferior (illegal) duty avoidance (Fadhilah, 2014). Duty avoidance is the deliberate use of taxable charges to neutralize taxable income. duty guard lowers duty bills, which is one of the major reason why taxpayers whether individualities or pots spend a considerable quantum of time determining which deduction to apply in their fiscal statement for each time. The intent of a duty guard is to postpone or exclude a duty liability. This can lower the effective duty rate of a business or existent.

Stakeholders perceive duty avoidance acts else from its consequent recrimination. For case, shareholders may prefer duty avoidance because it increases residual income and lowers cost of debt (Lim, 2011); whereas, Government kick against duty avoidance because it lowers the quantum of profit available for experimental conditioning (Schön, 2008). Negative consequences of duty avoidance include reputational damage and decline in firm value (Hanlon & Slemrod, 2009); which in turn leads to a drop in the return on investments of the shareholders (Hanlon & Heitzman, 2010). Another issue is the question of whether the establishment contributes to the profitable well- being of the society (Annuar, Salihu, & Obid, 2014). Other consequences which may arise are related to political costs and borderline costs. High commercial duty avoidance leads to advanced political costs (Mills, Nutter, & Schwab, 2013). Borderline costs are implicit costs, similar as penalties and forfeitures assessed by the duty authorities (Chen, Chen, Cheng, & Shevlin, 2010). Commercial duty avoidance is an outgrowth of programs opinions taken by the leaders of a company (Tandean & Winnie, 2016).

levies remain a pivotal aspect of numerous directorial opinions. therefore, duty avoidance involves a range of directorial opinions affecting capital structure, cost of capital, cash retention, and pay out policy (Faulkender & Smith, 2015; Goh, Lee, Lim, & Shevlin, 2016).

Given the differing preferences between shareholders and directors on commercial duty avoidance it's thus believed that commercial governance influences directorial duty avoidance opinions (Armstrong, Blouin, Jagolinzer, & Larcker, 2015), because programs opinions taken by directors are frequently a reflection of commercial governance; and, comprises rudiments similar as board size and composition, board independence, board industriousness, CEO duality and inspection commission industriousness (Pilos, 2017; Gomes, 2016; Armstrong, Blouin, Jagolinzer, & Larcker, 2015). In fact the boards of directors play a crucial part in commercial governance (Raut, 2003). The board has the "responsibility of championing the association's strategy, developing policy direction, appointing, supervising and remunerating elderly directors and icing responsibility of the association to its investors and authorities".

Utmost of the previous studies concentrated on banks, other sectors in manufacturing companies, there's limited studies on consumer goods enterprises, besides, there's inconsistency in the previous studies ranging from positive to negative significant created gap in literature. Against this background, the study sought to estimate the relationship between commercial governance and commercial duty avoidance of manufacturing enterprises in Nigeria.

The broad ideal of the study is to probe the relationship between commercial governance and duty avoidance of quoted consumer goods manufacturing companies in Nigeria. Specifically, the study seeks to

1. Determine the relationship between board independence and effective duty rate of quoted consumer goods manufacturing enterprises.
2. Probe the relationship between CEO duality and effective duty rate of quoted consumer goods manufacturing enterprises.

Conceptual Review

Corporate Governance

Several authors have defined commercial governance from different perspectives; commercial governance refers to programs and procedures espoused by enterprises to achieve certain sets of objects, commercial operations and fancies with regard to different stakeholders (Poudel, 2015). According to

Yusoff and Alhaji (2012) commercial governance is a set of mechanisms through which investors cover themselves against appropriation (use means without authorization) by operation (directors and/ or controlling shareholders). This appropriation acts includes among others the diversion of gains/ affair; trade of means or securities to other enterprises at below request (fair) prices; employ unqualified family members in directorial positions; and/ or over compensation packages. Corporate governance is concerned with promoting commercial fairness, translucency and responsibility (Effiong, Akpan, & Oti, 2012).

Du Plessis, Hargovan, and Bagaric (2010) defined commercial governance as the system of regulating and overseeing commercial conduct and of balancing the interests of all internal stakeholders and other parties (external stakeholders, governments and original communities) who can be affected by the pot's conduct, in order to insure responsible geste by pots and to achieve the maximum position of effectiveness and profitability for a pot (Du Plessis, Hargovan, & Bagaric, 2010).

Commercial governance comprises all the mechanisms related to the description and fulfilment of commercial pretensions (Silva, Vitorino, Alves, Cunha, & Monteiro, 2006). Maier (2005) opines that commercial governance "is a set of connections between a company's operation, its board, its shareholders and its stakeholders. It's the process by which directors and adjudicators manage their liabilities towards shareholders and wider company stakeholders". Solomon and Solomon (2004) defined commercial governance as "the systems of checks and balances, both internal and external to companies, which insure that companies discharge their responsibility to all their stakeholders".

Astronomically, corporate governance mechanisms are sub-divided into two internal and external commercial governance mechanisms. The external governance mechanisms include similar as request for commercial control, legal system, stock request, among others (Cremers & Nair, 2005). Internal governance mechanisms include similar as board of directors, directors compensation, inspection commission, remuneration commission, power structure, among others (Gebba, 2015; Dalwai, Basiruddin, & Abdul Rasid, 2015). The internal governance mechanisms are substantially associated with the structure, composition and characteristics of board of directors (Karaibrahimoglu, 2013). The study by Bhagat and Bolton (2008) set up a relationship between advanced commercial governance and establishment performance.

Corporate Tax Avoidance (CTA)

There's no generally accepted description of commercial duty avoidance (CTA) in the literature (Hanlon & Heitzman, 2010). This lack of universal description follows the consequential duty effect of every business sale aimed at adding profit (Annuar, Salihu, & Obid, 2014). Terms similar as "Tax Planning", "Aggressive duty Planning" and "vituperative duty Planning" are generally used. Taking advantage of licit concessions and immunity previsioned in the duty law; and, involves the process of organizing business operations so that duty scores are optimized at their minimal quantum". Mgbame, Chijoke- Mgbame, Yekini and Yekini (2017) proved that duty aggressiveness relate to different conditioning, engaged by operation, to lower taxable income and could be legal or illegal. Tax planning forms part of strategic opinions by the directors aimed at reducing unequivocal and implicit levies (Franca, Moraes, & Martinez, 2015). Annuar, Salihu, and Obid (2014) defined CTA as a reduction in the unequivocal commercial duty arrears.

Tentative on having poor governance, duty avoidance is associated with lesser fiscal constraints and a lesser liability of fiscal torture. The perpetration of commercial governance is grounded on several issues, one of which is the power structure. In this study, the company's power structure will concentrate on institutional power structures and directorial power. This is because companies that have high institutional power will be more aggressive in minimizing duty reporting. Likewise with directorial power, directors will get equal positions with shareholders, so adding directorial power will motivate them to ameliorate performance and be responsible for shareholder wealth. In addition to the power structure of the company, the board of officers also has an important part in commercial governance.

Board Independence

Board independence refers to the extent a board is composed of independent non-executive directors who have no relationship with the establishment beyond the part of director (Davidson, Goodwin - Stewart, & Kent, 2005). Independent non-executive directors dock directors' optional opinions and limit the occasion of the board to come 'an instrument of top operation' (Beasley & Petroni, 2001). The Nigerian law of Commercial Governance provides thatnon-executive directors be named on the base of their wide experience, knowledge and particular rates; and shouldn't be involved in the day-to-day operations of the Company. similar impartiality of independent non-executive directors makes it possible to save the shareholders' interests (Adjaoud, Mamoghli, & Siala, 2008). Directors that don't get involved in diurnal operation operations are more objective and suitable to uphold the public interest from their point of view (Husnin, Nawawi, & Puteh Salin, 2016).

Studies by Klein (2002), Osma (2008) showed that enterprises with advanced proportion of independent directors are less likely to engage in addendum-grounded and real earnings operation. This according to Osma (2008) is because independent directors have sufficient specialized knowledge to identify opportunistic reductions in R&D; thereby, constrain real earnings operation. The meta- analysis by Lin and Hwang (2010), proved that board independence has a negative relationship with earnings operation.

CEO Duality

According to Booth, Cornett and Tehranian (2002) a measure of board independence is whether the CEO also serves as Board president. The separation of CEO from Board president provides the necessary checks and balances of power and authority on operation geste (Chapra & Ahmed, 2002). Thenon-separation of the two functions presents an handicap (Adjaoud, Mamoghli, & Siala, 2008) and leads to directorial entrenchment (Minnick & Noga, 2010). Non-separation of the two places decreases the effectiveness of the board in monitoring operation (Firth, Fung, & Rui, 2007); and, its capability to control directors effectively (Holtz & Neto, 2014). The empirical literature documents mixed findings on the association between CEO duality and establishment performance.

Huafang and Jianguo (2007) and Al Arussi, Selamat, and Hanefah (2009) set up a significant negative association between duality and exposure. In Nigeria, the study by Ehikioya (2009) set up substantiation to support the fact that CEO duality negatively impact establishment performance. On the negative, Li, Pike, and Haniffa (2008), Said, Hj Zainuddin, and Haron (2009) set up an insignificant relationship between duality and exposure. Bliss (2011) reported a positive association between board independence and inspection freights. still, the positive association was only present in enterprises without CEO duality; suggestive of the fact that CEO duality constrains board independence.

Empirical Studies

This section presents the details of empirical studies reviewed; the studies comprised original and transnational studies Onatuyeh and Odu (2019) determined the effect of commercial board characteristics on duty aggressiveness A study of manufacturing enterprises in Nigeria'. The study espoused the ex-post facto exploration design. The sample comprised of forty- nine (49) manufacturing enterprises listed on the Nigeria stock exchange (NSE). The study used secondary data; attained from periodic fiscal statements for the times 2011 to 2016. The data were analysed using the fixed effect panel retrogression model. The results showed that board size and board independence ply significant negative effect on duty aggressiveness; while, board gender had an insignificant negative effect. Ugbogbo, Omoregie, and Eguavoen (2019) studied commercial determinants of aggressive duty avoidance substantiation from Nigeria'. The sample comprised of a aggregate of forty (40) companies quoted on the Nigerian Stock Exchange for the times 2013 to 2017. The data were analysed using OLS. The results showed that firm size had a positive relationship with effective duty rate; while, profitability and influence have a significant negative effect. Fagbemi, Olaniyi, and Ogundipe (2019) examined commercial duty planning and fiscal performance of Systemically Important Banks (SIBs) in Nigeria'. The study espoused the *Ex-Post Facto* exploration design. The sample comprised of eight SIBs in Nigeria. The data were analysed using the Pooled OLS fashion. The results show that ETR had a negative and significant effect on ROE. Thanjunpong and Awirothananon (2019) determined the effect of duty planning on fiscal performance in the Stock Exchange of Thailand'. Data attained from company website and SETSMART database for the times 2014 to 2016. The data were analysed using multiple retrogression fashion. The results showed that ETR had a positive effect on ROE; while, rate of duty/ asset was negative. The variable Big 4 adjudicators were positive and significant in both the ETR and rate of duty/ asset models. Bayar, Huseynov, and Sardarli (2018) delved the effect of commercial governance on the relationship between commercial duty avoidance and fiscal constraints. The sample comprised of over thirty five thousand (35,000) establishment- time compliances from 1990 to 2015. The study reckoned on secondary data; attained from four databases Compustat, Institutional Shareholder Services (ISS, formerly RiskMetrics), Execucomp, and Thomson Institutional effects databases. They employed two- stage least places (2SLS) analysis to validate the thesis. The results showed that for enterprises with strong governance, duty avoidance had negative impact on fiscal constraints. Hoseini, Gerayli, and Valiyan (2018) estimated demographic characteristics of the board of directors' structure and duty avoidance substantiation from Tehran Stock Exchange'. The sample comprised a aggregate of five hundred and five (505) establishment- time compliances from companies listed on the TSE. The study reckoned on secondary data; between the ages 2012 to 2016. The thesis was tested using panel retrogression models. The results showed that presence of women on commercial boards reduces commercial duty avoidance; also, enterprises with larger board sizes were associated with further duty avoidance. Mappadang, Widyastuti, and Wijaya (2018) caught on the effect of commercial governance medium on duty avoidance substantiation from manufacturing diligence listed in the Indonesian Stock Exchange during the times 2012 to 2016. The study espoused the descriptive reason design. The study reckoned on secondary data; and smart PLS3 was used for assaying the data and test the suppositions. The results showed that board of officers had a positive significant effect on duty avoidance; while, institutional power had a negative significant effect on duty avoidance. Kadir (2018) delved the 'Impact of commercial governance mechanisms on commercial duty avoidance in Nigerian listed manufacturing companies'. The sample comprised of twenty three (23) manufacturing companies quoted on the Nigerian Stock Exchange. The study used secondary data; attained from periodic reports for the times 2012 to 2014. The data were analysed using the arbitrary goods panel retrogression procedure. The results showed that CEO duality had a positive significant effect; while, board independence had a negative significant effect on commercial duty avoidance. Board size and independent inspection commission were both positive and not statistically significant. Ogbeide and Obaretin (2018) explored 'Commercial governance mechanisms and duty aggressiveness of listed enterprises in Nigeria'. The study espoused the longitudinal and unproductive effect exploration designs. The sample comprised of eighty-five (85) quoted non-financial enterprises. The study reckoned on secondary data; attained from periodic fiscal statements for the times 2012 to 2016. The suppositions were tested using the General Method of Moment. The results showed that power attention has a positive significant effect on duty aggressiveness; whereas, directorial power, board size, board gender diversity and board independence have negative significant effect. Pilos (2017) studied duty avoidance and commercial governance- does the board of directors impact duty avoidance?'. The sample comprised four hundred and ninety five (495) enterprises in the Standard and Poor's 500 enterprises. The study covered the period from 2007 to 2015. The study reckoned on secondary data from Compustat and Institutional Shareholders Services (ISS). The thesis was validated using the fixed goods model. The results showed that board independence had a significant negative effect on duty avoidance; while, CEO duality had a negative insignificant effect on duty avoidance. Jamei (2017) examined duty avoidance and commercial governance mechanisms substantiation from Tehran Stock Exchange'. The study used quasi-experimental exploration approach. The sample comprised one hundred and four (104) companies listed on the Tehran Stock Exchange during the times 2011 to 2015. The study reckoned on secondary data attained from periodic reports and accounts of the tried companies. The thesis was tested using multiple direct retrogressions. The results showed that number of board members and proportion of non-duty members had positive non-significant effect on duty avoidance; while, institutional power had negative non-significant effect. The variable of directorial power had a negative significant effect.

The inconsistency that associated with the previous studies ranging from positive to negative significant great gap in literature, this study thus sought to determine the effect of commercial governance on duty avoidance from a developing country perspective.

METHODOLOGY

Research Design

This study espoused ex post facto exploration design. Ex post facto exploration design is a methodical empirical inquiry, in which the bystander has no direct control of independent variables because their instantiations have formerly passed or because they're innately not manipulated. The study adopts this system because it's interested in establishing the unproductive relationship between the dependent and independent variables; and, the experimenter has no direct control over the independent variables.

The population of the study comprised of twenty one (21) quoted consumer goods manufacturing enterprises on the Nigerian Stock Exchange (NSE) as at end of 2020 fiscal time. This quoted consumer goods manufacturing enterprises are presented in the excursus.

Since the population of the population isn't large, the experimenter named all the population size for the study.

The study reckoned upon secondary sources of data. The data was recaptured from the periodic financial statements of the tried companies. The data uprooted includes; board independence, CEO duality, and effective duty rate of quoted consumer goods manufacturing enterprises. The trust ability of similar data is in line with the demand that all quoted companies conduct independent external inspection on published fiscal statements.

Model Specification

In testing for the value applicability of commercial duty planning and in testing for the moderating effect of agency cost mollifying variables on the nexus, the study will acclimatize a establishment- value model firstly deduced from Ohlson (1995) and have been extensively used in value applicability studies including those that relates to duty avoidance as used by Abdul Wahab and Holland (2012). Their model centered on Tax Planning, is given as

FMV = β0+ β1 BVEit + β2 CTAit-1 + β3COGit + β4 PFTit + β5 CAPINTit + β6 LEVit + β7 EXGit + β8 CTA it-1 *COGit + β8 MVEit DIV + AGE + εit

The model was modifies thus:

$Y = \beta_o + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \mu$

Where:

Y = tax avoidance (dependent variable)

X = corporate governance (explanatory/independent Variable)

β_0 = constant term (intercept)

β_1- β_3 = Coefficients of financial leverage

μ = Error term (stochastic term)

Explicitly, the equation can be defined as:

Tax avoidance = *f* (corporate governance) + μ

Representing the equations with the variables of the construct, hence the equations below are formulated:

$ETR_{it} = \beta_0 + \beta_1 BOIND_{it} + \mu_{it}$ - - ii

$ETR_{it} = \beta_0 + \beta_1 CEODU_{it} + \mu_{it}$ - - iii

Where:

β_0 = Constant term (intercept)

β_{it} = Coefficients to be estimated for firm í in period t

μ_{it} = Error term/Stochastic term for firm í in period t

ETR_{it} = Effective Tax Rate í in period t

$BOIND_{it}$ = Board Independence of firm í in period t

$CEODU_{it}$= CEO Duality of firm í in period t

Description of variables

The table below presents the description of variables included in the model

Methods of Data Analysis

The data for the study analysed using descriptive statistics, and the formulated hypotheses were tested with multiple regression technique to ascertain the relationship between the independent variables and the dependent variables. This was done with aids of the E-view 9.0 at 5% level of confidence.

Decision Rule

The decision for the hypotheses is to accept the alternative hypotheses if the p-value of the test statistic is less or equal than the alpha (0.05) and to reject the alternative hypotheses if the p-value of the test statistic is greater than alpha at 5% significance level.

DATA ANALYSIS AND RESULT

Data Analysis

Table 1: Descriptive analysis

	ETR	BOIND	CEODU
Mean	2.878715	50.48636	0.818182
Median	1.081218	50.00000	1.000000
Maximum	8.297416	71.43000	1.000000
Minimum	0.316622	33.33000	0.000000
Std. Dev.	3.001721	15.82973	0.404520
Skewness	0.788755	0.266568	-1.649916
Kurtosis	1.991991	1.462312	3.722222
Jarque-Bera	1.606285	1.213995	5.229810
Probability	0.447919	0.544985	0.073175
Sum	31.66586	555.3500	9.000000
Sum Sq. Dev.	90.10331	2505.804	1.636364
Observations	11	11	11

Table 1 shows the mean (average) for each of the variables, their maximum values, minimum values, standard deviation and Jarque-Bera (JB) Statistics (normality test). The results in table 1 provided some insight into the nature of the selected Nigerian quoted companies that were used in this study.

Firstly, it was observed that on the average over the eleven (11) years (2010-2020), the sampled quoted companies in Nigeria were characterized by positive effects. Also, the large difference between the maximum and minimum value of the corporate governance; independence (BDIND) and CEO Duality and show that the sampled quoted companies in this study are not dominated by companies with large tax aggressive.

The Jarque-Bera (JB) which test for normality or the existence of outliers or extreme values among the variables shows that most of the variables are normally distributed at 5% level of significance. This means that any variables with outlier are not likely to distort our conclusion and are therefore reliable for drawing generalization.

Test of Hypotheses

Hypothesis One

H_I : Board independence has significant relationship with effective tax rate of quoted consumer goods manufacturing firms.

H_O : Board independence has no significant relationship with effective tax rate of quoted consumer goods manufacturing firms.

Table 2: Regression analysis between ETR and BOIND

Dependent Variable: ETR
Method: Least Squares
Date: 02/09/22 Time: 08:00
Sample: 2010 2020
Included observations: 11

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1.674019	3.304243	0.506627	0.6246
BOIND	0.023862	0.062706	0.380534	0.7124
R-squared	0.015835	Mean dependent var		2.878715
Adjusted R-squared	-0.093517	S.D. dependent var		3.001721
S.E. of regression	3.138941	Akaike info criterion		5.288614
Sum squared resid	88.67654	Schwarz criterion		5.360958
Log likelihood	-27.08737	Hannan-Quinn criter.		5.243010
F-statistic	0.144806	Durbin-Watson stat		1.028376
Prob(F-statistic)	0.712375			

In Table 2, R-squared and adjusted Squared values were (0.016) and (-0.094) respectively. The indicates that the independent variable jointly explain about 2% of the systematic variations in (BOIND) of our samples companies over the eleven years periods (2010-2020). The F-statistics (0.712) and its P-value (0.712) show that the board size regression model is well specified.

Test of Autocorrelation: using Durbin-Waston (DW) statistics which we obtained from our regression result in table.2, it is observed that DW statistics is 1.028 and an Akika Info Criterion and Schwarz Criterion which are 5.289 and 5.361 respectively also further confirmed that our model is well specified. In addition to the above, the specific finding from the explanatory variable is provided below.

Based on the t-value of 0.023862 and p-value of 0.712, was found to have a positive effect on our sampled quoted companies but this effect is not statistically significant as its p-value is higher than 0.05 values. This result, therefore suggests that we should accept our null hypothesis one which states that Board independence has no significant relationship with effective tax rate of quoted consumer goods manufacturing firms.

Hypothesis Two

H_I : CEO duality has significant relationship with effective tax rate of quoted consumer goods manufacturing firms.

H_O : CEO duality has no significant relationship with effective tax rate of quoted consumer goods manufacturing firms.

Table 3: Regression analysis between ETR and CEODU

Dependent Variable: ETR
Method: Least Squares
Date: 02/09/22 Time: 07:54
Sample: 2010 2020
Included observations: 11

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	6.649340	1.753554	3.791922	0.0043
CEODU	-4.608542	1.938627	-2.377219	0.0414

R-squared	0.385715	Mean dependent var	2.878715
Adjusted R-squared	0.317461	S.D. dependent var	3.001721
S.E. of regression	2.479900	Akaike info criterion	4.817279
Sum squared resid	55.34914	Schwarz criterion	4.889624
Log likelihood	-24.49504	Hannan-Quinn criter.	4.771676
F-statistic	5.651172	Durbin-Watson stat	1.389237
Prob(F-statistic)	0.041416		

In Table 3, R-squared and adjusted Squared values were (0.386) and 0.317) respectively. The indicates that the independent variable jointly explain about 39% of the systematic variations in (CEODU) of our samples companies over the eleven years periods (2010-2020). The F-statistics (5.651) and its P-value (0.04) show that the board size regression model is well specified.

Test of Autocorrelation using Durbin- Waston (DW) statistics which we attained from our retrogression result in table 3, it's observed that DW statistics is1.389237 and an Akika Info Criterion and Schwarz Criterion which are4.817 and4.890 independently also further verified that our model is well specified. In addition to the below, the specific finding from the explicatory variable is handed below.

Grounded on the measure value of-4.608542 and p- value of0.04, was set up to have a negative effect on our tried quoted companies but this relationship isn't statistically significant as its p- value is advanced than0.05 values. This result, thus suggests that we should accept our null thesis one which states that CEO duality has a significant relationship with effective duty rate of quoted consumer goods manufacturing enterprises.

CONCLUSION AND RECOMMENDATIONS

Conclusion

The study concluded that a relationship exists between commercial governance and commercial duty avoidance. The board independence and CEO Duality were set up to have negative effect on effective duty rate though they were significant, while board independence was set up to has positive effect on effective duty rate and insignificant. The studies have shown that low ETR rates indicate that a establishment engages in duty planning more aggressive. In checking for the normalcy of the data set, the study expands the compass of previous exploration by estimating the relationship not only at the tentative mean; with respects to the distribution of the commercial governance. While a advanced ETR rates may indicate a more conservative approach to duty planning, the separation of CEO from Board president provides the necessary checks and balances of power and authority on operation geste . The sign of the measure of CEO duality is harmonious with the study by Pilos (2017) on enterprises drawn from S & P 500 which proved a negative insignificant effect of CEO duality on duty avoidance. Kourdoumpalou (2016) on a sample of enterprises listed on the Athens Stock Exchange, Greece showed that duty elusion were significantly lower in enterprises where board president is also the CEO. still, the study by Jalali, Jalali, Moridi, Garshasbi, and Foroodi (2013) in Iran using double logistic retrogression showed that CEO duality had a significant effect on duty aggressiveness.

Recommendations

The study makes the ensuing recommendations

1. A lesser need for further independent directors' addition on the commercial boards is explosively recommended. This is because independent directors can effectively constrain opportunistic behaviours and offer reputational benefits to the establishment.
2. The non-separation of the CEO from Chairman of the Board may lead to advanced situations of duty planning; and an occasion for director's rent birth because of their dominating part. It's thus recommended that to insure acceptable oversight both places should be separated.

References

[1] Adjaoud, F., Mamoghli, C., & Siala, F. (2008). Auditor reputation and internal corporate governance mechanisms: complementary or substitutable?. Review of Business Research, 8(1), 84-98.

[2] Al Arussi, S. A., Selamat, H. M., & Hanefah, M. M. (2009). Determinants of financial and environmental disclosures through the internet by Malaysian companies. Asian Review of Accounting, 17(1), 59-76. https://doi.org/10.1108/13217340910956513.

[3] Annuar, H. A., Salihu, I. A., & Obid, S. N. S. (2014). Corporate ownership, governance and tax avoidance: An interactive effects. Procedia-Social and Behavioral Sciences, 164(2014), 150- 160.

[4] Armstrong, C. S., Blouin, J. L., Jagolinzer, A. D., & Larcker, D. F. (2015). Corporate governance, incentives, and tax avoidance.

Journal of Accounting and Economics, 60(1), 1-17.

[5] Beasley, M. S., & Petroni, K. R. (2001). Board independence and audit-firm type. Auditing: A Journal of Practice & Theory, 20(1), 97-114.

[6] Bhagat, S., & Bolton, B. (2008). Corporate governance and firm performance. Journal of Corporate Finance, 14(3), 257-273.

[7] Booth, J., Cornett, M., & Tehranian, H. (2002). Boards of directors, ownership, and regulation. Journal of Banking & Finance, 26(10), 1973–1996.

[8] Chen, S., Chen, X., Cheng, Q., & Shevlin, T. (2010). Are family firms more tax aggressive than non-family firms?. Journal of Financial Economics, 95(1), 41-61.

[9] Dalwai, T. A. R., Basiruddin, R., & Abdul Rasid, S. Z. (2015). A critical review of relationship between corporate governance and firm performance: GCC banking sector perspective. Corporate Governance, 15(1), 18-30.

[10] Davidson, R., Goodwin-Stewart, J., & Kent, P. (2005). Internal governance structures and earnings management. Accounting & Finance, 45(2), 241-267.

[11] Desai, M. A., & Dharmapala, D. (2006). Corporate tax avoidance and high-powered incentives. Journal of Financial Economics, 79(1), 145-179.

[12] Du Plessis, J. J., Hargovan, A., & Bagaric, M. (2010). Principles of contemporary corporate governance. Cambridge University Press.

[13] Edame, G. E., & Okoi, W. W. (2014). The impact of taxation on investment and economic development in Nigeria. Academic Journal of Interdisciplinary Studies, 3(4), 209- 218. doi:https://doi.org/10.5901/ajis.2014.v3n4p209.

[14] Effiong, S.A., Akpan, E.I., & Oti, P.A. (2012). Corporate governance, wealth creation and social responsibility accounting. Management Science and Engineering, 6 (4), 110-114. Available from: http://www.cscanada.net/index.php/mse/article/view/j.mse.1913035X20120604.559 DOI:http://dx.doi.org/10.3968/j.mse.1913035X20120604.559.

[15] Farinha, J. (2003). Corporate governance: a survey of the literature. Universidade do Porto Economia Discussion Paper, (2003-06).

[16] Faulkender, M., & Smith, J. (2015). Debt and taxes at multinational corporations. University of Maryland Working Paper.

[17] Firth, M., Fung, P., & Rui, O. (2007). Ownership, two-tier board structure, and the in formativeness of earnings -Evidence from China. Journal of Accounting and Public Policy, 26(4), 463–496.

[18] Franca, C. J. de, Moraes, A. M. L. de M. de, & Martinez, A. L. (2015). Tributacao Implicita e Clientelas, Arbitragem, Restricoes e Friccoes. Revista de Administração e Contabilidade da FAT, 7(1), 5-18.

[19] Fagbemi, T. O., Olaniyi, T. A. & Ogundipe, A.A. (2019). The corporate tax planning and financial performance of systemically important banks in Nigeria. Economic Horizons, January - April 2019, 21(1). 15 - 27 UDC: 33 eISSN 2217-9232 © Faculty of Economics, University of Kragujevac www.ekfak.kg.ac.rs

[20] Gebba, T. R. (2015). Corporate governance mechanisms adopted by UAE national commercial banks. Journal of Applied Finance and Banking, 5(5), 23-61.

[21] Goh, B. W., Lee, J., Lim, C. Y., & Shevlin, T. J. (2016). The effect of corporate tax avoidance on the cost of equity. The Accounting Review, 91(6), 1647–1670.

[22] Gomes, A. P. M. (2016). Corporate Governance Characteristics as a Stimulus to Tax Management. Revista Contabilidade & Finanças, 27(71), 149–168. doi: https://doi.org/10.1590/1808-057x201500750.

[23] Hanlon, M., & Heitzman, S. (2010). A review of tax research. Journal of Accounting and Economics, 50(2), 127-178.

[24] Hanlon, M., & Slemrod, J. (2009). What does tax aggressiveness signal? Evidence from stock price reactions to news about tax shelter involvement. Journal of Public Economics, 93(1-2), 126-141.

[25] Holtz, L., & Neto, S. A. (2014). Effects of board of directors' characteristics on the quality of accounting information in Brazil. Revista Contabilidade & Finanças, 25(66), 255-266.

[26] Huafang, X., & Jianguo, Y. (2007). Ownership structure, board composition and corporate voluntary disclosure: Evidence from listed companies in China. Managerial Auditing Journal, 22(6), 604-619.

[27] Ianniello, G., Mainardi, M., & Rossi, F. (2013). Corporate governance and auditor choice. Bicentenary Conference – Lecce, Italy, September 19-21.

[28] Karaibrahimoglu, Y. Z. (2013). Is corporate governance a determinant of auditor choice?-Evidence from Turkey. Ege Academic Review, 13(2), 273–284.

[29] Klein, A. (2002). Audit committee, board of director characteristics, and earnings management. Journal of Accounting and Economics, 33(3), 375–400.

[30] Li, J., Pike, R., & Haniffa, R. (2008). Intellectual capital disclosure and corporate governance structure in UK firms. Accounting and Business Research, 38(2), 137-159.

[31] Lim, Y. (2011). Tax avoidance, cost of debt and shareholder activism: Evidence from Korea. Journal of Banking & Finance, 35(2), 456-470.

[32] Maier, S. (2005). How global is good corporate governance. London: Ethical Investment Research Services.

[33] Mgbame, C. O., Chijoke-Mgbame, M. A., Yekini, S., & Kemi, Y. C. (2017). Corporate social responsibility performance and tax aggressiveness. Journal of Accounting and Taxation, 9(8), 101-108.

[34] Mills, L. F., Nutter, S. E., & Schwab, C. M. (2013). The effect of political sensitivity and bargaining power on taxes: Evidence from federal contractors. The Accounting Review, 88(3), 977-1005.

[35] Minnick, K., & Noga, T. (2010). Do corporate governance characteristics influence tax management?. Journal of Corporate Finance, 16(5), 703-718.

[36] Onatuyeh A. E. & Odu, V. (2019). Corporate board characteristics and tax aggressiveness: a study of manufacturing firms in Nigeria. *Gjra - Global Journal for Research Analysis*8 (4), PRINT ISSN No 2277 – 8160.

[37] Ogbeide, S. O. & Obaretin, O. (2018). Corporate governance mechanisms and tax aggressiveness of listed firms in Nigeria. *Amity Journal of Corporate Governance* 3 (1), (1-12) ©2018 ADMAA

[38] Organisation for Economic Co-Operation and Development [OECD], (2004). Principles of Corporate Governance. OECD Publications Service.

[39] Osma, B. G. (2008). Board independence and real earnings management: the case of R&D expenditure. Corporate Governance: An International Review, 16(2), 116-131.

[40] Pilos, N. V. D. (2017). Tax avoidance and corporate governance - does the board of directors influence tax avoidance? (Unpublished Master's Thesis). Erasmus School of Economics, Erasmus University.

[41] Poudel, R. L. (2015). Relationship between corporate governance and corporate social responsibility: evidence from Nepalese commercial banks. Journal of Nepalese Business Studies, 9(1), 137-144.

[42] Raut, S. (2003). Corporate Governance–Concepts and Issues. Institute of Directors, India. Available online at: http://iodonline.com/Articles/Corporate%20Governance%20and%20Sustainability%20Concepts%20Sreeti%20Raut.pdf.

[43] Rusmanto, T., Syahbandiah, V. P., & Waworuntu, S. R. (2014). The Impact of Corporate Governance on Corporate Social Responsibility Disclosure: Evidence from Indonesia. Abstract of Emerging Trends in Scientific Research, 1, 1-17.

[44] Said, R., Hj Zainuddin, Y., & Haron, H. (2009). The relationship between corporate social responsibility disclosure and corporate governance characteristics in Malaysian public listed companies. Social Responsibility Journal, 5(2), 212-226.

[45] Schön, W. (2008). Tax and corporate governance: A legal approach. In Tax and corporate governance (pp. 31-61). Springer, Berlin, Heidelberg.

[46] Silva, A., Vitorino, A., Alves, C., Cunha, J., & Monteiro, M. A. (2006). Livro branco sobre corporate governance em Portugal. Instituto Português de Corporate Governance.

[47] Solomon, J., & Solomon, A. (2004). Corporate Governance and Accountability. Chichester: John Wiley & Sons.

[48] Tandean, V. A., & Winnie, W. (2016). The effect of good corporate governance on tax avoidance: An empirical study on manufacturing companies listed in IDX period 2010-2013. Asian Journal of Accounting Research, 1(1), 28-38.

[49] Takumah, W. (2014). Tax revenue and economic growth in Ghana: A cointegration approach. MPRA Paper No. 58532. Available online at: https://mpra.ub.uni-muenchen.de/58532/1/MPRA_paper_58532.pdf.

[50] Thanjunpong, S. & Awirothananon, T. (20190. The Effect of Tax Planning on Financial Performance in the Stock Exchange of Thailand. *International Journal of Trade, Economics and Finance,* 10(1) February 2019.

[51] Ugbogbo, S.N., Omoregie N. A.E & Eguavoen, I. (2019). Corporate determinants of aggressive tax avoidance: evidence from Nigeria. International Journal of Scientific Research 21(4):01-09

[52] Yusoff, W. F. W., & Alhaji, I. A. (2012). Insight of corporate governance theories. Journal of Business and Management, 1(1), 52-63.