

Stewardship and the Performance of Quoted Consumer Goods Manufacturing Companies in Nigeria

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ABSTRACT

This research investigated the relationship between stewardship and the performance of quoted manufacturing companies in Nigeria, in this study we adopt correlational survey research design. The study uses secondary data collected from documentary review in which financial statements and reports were examined. The data needed for this study was sourced from the Nigerian Stock Exchange, financial publications of the selected quoted companies. From the findings of the study, in order to improve the operations of organizations, and by extension facilitate economic growth and development, the following recommendations are made: There is need to ensure that the board size of the firms is adequate and managed by well competent personnel with high level of firms and ethical standard. All meetings of the executives should be directed towards achieving corporate goals such as increasing performance of the companies. Periodic and impromptu checks can be made by the stakeholder on companies in order to ascertain their level of compliance to standards.

KEYWORDS: *stewardship, correlational survey, mechanism, Determine, extension*

INTRODUCTION

The internal focuses on the board of directors appointed by the shareholders to monitor and run the daily affairs of the company so as to ensure actualization of the objective of the company while on the other hand, the external focuses on the shareholders, lenders who have significant stake in a company. From the combination of the two categories, we can therefore view stewardship as the ways and manners in which the affairs of a company are directed and coordinated by the appointed directors in such a way that will enhance value creations for the concerned stakeholders. Stewardship has become an issue of concern to different stakeholders in this dispensation of corporate failure arising from the manifested fraudulent practices which has led to the collapse of some great blue-chip companies. The issue of stewardship has equally attracted scholars' interest leading to empirical studies on stewardship and how it influences companies performance. Due to numerous corporate failure globally with even the collapse of some great blue-chip companies in the world such as Enron, Arthur

Anderson and Saga, the confidence of the investors in corporate organizations has been impaired thereby affecting adversely their investment in companies. The impairment in the confidence may also be attributed to lack of accountability, transparency and disclosure and unreliable audit work. In Nigeria however, persistent corporate failures, financial indecency and failure of Corporate Social Responsibility reporting and practice to be inclusive and regulated have precipitated credibility gap in corporate stewardship culture by corporations (Amah, 2021). On a broader perspective, stewardship is all about running an organization in a way that guarantees that its owners or stockholders receive a fair return on their investment, while putting into consideration the expectations of other stakeholders to a business (Magdi & Nedareh, 2022). Gompers, Ishii and Metrick, (2023) view stewardship as the system of laws, rules, and factors that control operations at a company. While stewardship concept was viewed by (Mensah, 2023) as entailing the processes and structures by which the corporation and

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its affairs are directed and managed, in order to improve long term shareholders' value by enhancing companies performance and accountability, while taking into account the interest of other stakeholders. Regardless of the definition used, stewardship mechanisms are often viewed by researchers as falling into one of two categories: the internal governance and the external governance (Nwanchuku, 2017).

Stewardship has been given much consideration by stakeholders, most especially the Shareholders because it is used in measuring management efficiency and effectiveness in the use of resources at their disposal. The common measure for gauging management performance is often through profitability. Profitability is the ability of companies to generate revenue which is greater than the direct and indirect cost incurred in generating the revenue. The definition is in line with the matching concept of accounting which postulates the matching of revenue generated with cost incurred in generating the revenue so as to ascertain the value added. Profitability according to Osiyemi (2016) is the ability of a company to make profit. from its key activities. The activities include the operating, investing and financing that are tailored towards generating revenue and profit which triggers the going concern and survival of companies. The common indices for measuring profitability are return on asset, return on equity, return on investment and earnings per share. Majority of existing literature on corporate governance has suggested positive relationship between corporate governance and performance. Despite this acknowledged role which corporate governance has on profitability of companies, many corporate companies are finding it so difficult to make profit in order to maximize shareholder's wealth and secure their going concern which has been attributed to stewardship inefficiency and its failure. Also, more often most directors do pursue personal interest as against interest of shareholders which drastically impede on their ability to make profit. Owing to this, the effectiveness and efficiency of stewardship is an important tool for enhancing corporate value and improve companies performance by ensuring proper utilization and security of asset within the organization. that the objective of financial statements is to provide information about the reporting entity's financial performance and position that are useful for assessing the stewardship of the entity's management and making economic decision. Some of the qualitative characteristics of this information are reliability, relevance and understandability. To achieve a positive performance, a monitoring committee and a

governance mechanism are often put in place to serve as a watchdog in ensuring that companies produce relevant and reliable information which will eventually protect the interest of both existing and prospective investors. The most important of these monitoring committees is the Audit Committee, a component of stewardship mechanism, which is responsible for the review of audited and unaudited financial statements of organizations thereby improving the quality of such information and reducing the possibilities of unethical or abuse of accounting practices by management when preparing financial statements.

Aim and Objectives of the Study

The aim of the study is to determine the relationship between stewardship and performance of quoted manufacturing companies in the Nigerian. The specific objectives are to:

1. Examine the effect of audit committee independence on return on assets of quoted manufacturing companies in Nigeria.
2. Analyze the effect of audit committee independence on return on equity of quoted manufacturing companies in Nigeria.
3. Analyze the effect of audit committee independence on net profit margin of quoted manufacturing companies in Nigeria.

The following research questions are raised for this study

1. What is the relationship between audit committee independence on return on asset of quoted manufacturing companies in Nigeria?
2. What is the relationship between audit committee independence on return on equity of quoted manufacturing companies in Nigeria?
3. What is the relationship between audit committee independence on net profit margin of quoted manufacturing companies in Nigeria ?

The following research hypotheses were formulated for this study.

H01: there is no significant relationship between audit committee independence and return on asset of quoted manufacturing companies in Nigeria.

H02: there is no significant relationship between audit committee independence and return on equity of quoted manufacturing companies in Nigeria.

H03: there is no significant relationship between audit committee independence on net profit margin of quoted manufacturing companies in Nigeria

LITERATURE REVIEW

Conceptual Framework

Stewardship.

Stewardship has become an issue of concern to different stakeholders in this dispensation of

corporate failure arising from the manifested fraudulent practices which has led to the collapse of some great blue-chip companies. The issue of stewardship has equally attracted scholars' interest leading to empirical studies on stewardship and how it influences companies performance. Stewardship has been given much consideration by stakeholders, most especially the Shareholders because it is used in measuring management efficiency and effectiveness in the use of resources at their disposal. The common measure for gauging management performance is often through profitability. In Nigeria however, persistent corporate failures, financial indecency and failure of Corporate Social Responsibility reporting and practice to be inclusive and regulated have precipitated credibility gap in corporate stewardship culture by corporations (Amah, 2021). On a broader perspective, stewardship is all about running an organization in a way that guarantees that its owners or stockholders receive a fair return on their investment, while putting into consideration the expectations of other stakeholders to a business (Magdi & Nedareh, 2022). Gompers, Ishii and Metrick, (2023) view stewardship as the system of laws, rules, and factors that control operations at a company. While stewardship concept was viewed by (Mensah, 2023) as entailing the processes and structures by which the corporation and its affairs are directed and managed, in order to improve long term shareholders' value by enhancing companies performance and accountability, while taking into account the interest of other stakeholders. Regardless of the definition used, stewardship mechanisms are often viewed by researchers as falling into one of two categories: the internal governance and the external governance (Nwanchuku, 2017).

Board Independence: Board's independency is a very important aspect in the corporate governance as the organization's board with independent directors will take better and unbiased decisions as well as the firm will have less financial pressure. Those firms which have their board as an independent tend to face less financial pressure (Amah, 2020). The dominance of independent directors in the board structure of companies can enhance the decision credibility and objectivity. When there is an independent board structure set up within the company, transparency, accountability, disclosure and faithful representation of the financial statements will be enhanced. This will go a long way in enhancing the value relevance and creation of value for the shareholders. In short, Independent directors can ensure that the shareholders are appropriately served towards an enhanced value creation. **Audit committee independence:** Corporate governance literature emphasizes the need for audit

committee to be comprised of member who are independent, including some of whom to possess financial expertise and for the audit committee to impact positively on firm's financial health (Mallin, 2020)). The evidence in this area of research is unclear, however board and audit committee expertise has been shown to enhance firm value (Maher & Andersson, 2022). Studies carried out in developed economies such as Kenya often argue that the auditing system in it is comprehensive and is thoroughly backed by the law in order to maintain the impartiality, objectivity and independence of statutory auditing process. Unfortunately, it has been observed over the time that the auditing system in Nigeria has become susceptible to various types of accounting manipulations, irregularities and leakages; therefore, harming the interests of investors and other stakeholders. The operations of audit committees in a developing country may differ when compared to practices in developed countries. This study attempts to understand, how audit committees operate in developing countries, the size and experience and their effect on financial performance for companies listed on the Nigeria securities exchange. Corporate governance literature always argue that audit committee participates, not only in the process whereby management disseminate information to the auditors and releasing unbiased information reducing information asymmetry between insiders and outsiders; but also play an important role in ensuring that statutory auditors are not in the influence of management, therefore audit committees can be used as a mechanism to reduce agency problems faced by firms, (farar, 2023), decomposition and character of the audit committee, play significant role in influencing quality of an organization performance (Amah, 2020). **Audit Committee Size** In addition, this study also includes audit committee size as audit committee size is likely to have significant effect on firm performance. Accordingly, the Code of Corporate Governance also requires the audit committee to be comprised of at least three members. However, Owojori, (2021) raised question whether larger audit committee can result effective monitoring or not. There are number of studies reported positive relationship between board size and firm performance. Mensah, (2023) found a positive association between size and monitoring process of the board that result in higher performance, whereas Saleh et al., (2007) asserted that audit committee with more members likely to possess diverse skills and knowledge which is likely to enhance monitoring. Owojori (2021) argued that the size of audit committee increases the number of meetings. This increase in meeting frequency is argued to provide

more effective monitoring and hence better firm performance. In contrast, Amah (2020) claimed that size is unlikely to have any effect on firm performance. Clake, (2024) argued that larger audit committee can lead to inefficient governance, because of yielding frequent meetings which leads to increased expenses. Hence, larger audit committee can negatively affect firm performance. This study was based on the firms. Because of such mixed empirical findings, this study hypothesized.

Stewardship Mechanism

governance mechanism as "the processes and systems by which a country's company laws and stewardship codes are enforced". This study considers some stewardship Mechanisms from the perspective of Board Composition, Board size and Board committees. **Board Composition** One important mechanism of board structure is the composition of the board, which refers to executive and non-executive director representation on the board. Both agency theory and stewardship theory apply to board composition. Boards dominated by non-executive directors are largely grounded in agency theory. In contrast, a majority executive director representation on the board is grounded in stewardship theory, which argues that managers are good stewards of the organization and work to attain higher profits and shareholder returns (Uche, 2021). An effective board should comprise of majority of non-executive directors (OECD, 2015). However, executive director's responsibility is the day-to-day operation of the business such as finance and marketing, etc. They bring specialized expertise and a wealth of knowledge to the company (Monk, & Minnow, 2021). **Board Size:** Board size is the number of members on the board. Identifying appropriate board size that affects its ability to function effectively has been a matter of continuing debate (Mensah, 2023). Some scholars have been in favour of smaller boards, suggesting that larger groups face problems of social loafing and free riding. As board increase in size, free riding increases and reduces the efficiency of the board. On the other hand, large boards were supported on the ground that they would provide greater monitoring and advice, Amah, (2022) argues that CEO's need for advice will increase with complexity of the organization. Diversified firms and those operating in multiple segments require greater need for advice (Uche, 2021). However, Maher and Anderson (2020) found that large boards improve board performance by reducing CEO domination within board, thereby making it difficult to adopt golden parachute contracts that might not be in the shareholder's interest.

Financial Performance

Financial performance which assesses the fulfillment of a firm's economic goals has being an issue of interest in managerial researches. Financial performance relates to the various subjective measures of how well a firm can use its given assets from primary mode of operation to generate profit (George & Karibo, 2014). Kothari (2001) defined the value of a firm as the present value of the expected future cash flows after adjusting for risk at an appropriate rate of return. To (Byenubo 2013) it is the success in meeting pre-defined objectives, targets and goal within a specified time target. Qureshi, (2007), put forward four different approaches in which the value of a firm has been identified in corporate finance literature. These are: the financial management approach which focus on the evaluation of cash flows and investment levels before identifying and assessing the impact of financing sources on firm value; the capital structure approach which studies the impact of capital structure changes on the value of firm and how different factors impact directly or inversely the debt and equity component of the firm capital structure; the resource based approach which explains the value of firm as an outcome of firm's resources; and finally, the sustainable growth approach which is a summary of the above three approaches to firm value, taking into account the firm's operating performance, its investment and financing needs, the financing sources, and its financing and dividend policies for sustainable development of firm s resources and maximization of firm value. This study examines three key accounting measures of firm's financial performance which are Return on Equity, Return on Assets, and Net Profit Margin (George & Karibo, 2014).

Return on Assets (ROA)

One of the widely used accounting based measures of corporate governance in literature is the Return on Asset (ROA) (Daily, Dalton & Cancellla 2020). It assesses the effectiveness of capital employed and provides a basis in which investors can measure the earnings generated by the firm from its investment in capital assets (Uche,2021). The return on assets (ROA) is a measure which shows the amount of earnings that have been generated from invested capital. It is an indication of the number of kobo earned on each naira worth of assets. It allows users, stakeholders and monitoring agencies to assess how well a firm's corporate governance mechanism is in securing and motivating efficient management of the firm (Uche 2021). The ROA is the ratio of annual net income to average total assets of a business during a financial year. It is measured thus:

ROA = Annual Net Income / Average Total Assets.

Return on Equity (ROE)

One accounting based measure of performance in corporate governance research is return on equity (ROE). (Uche, 2021). The primary aim of an organization's operation is to generate profits for the benefit of the investors. Therefore, return on equity is a measure that shows investors the profit generated from the money invested by the Shareholders (ICAN, 2019). It measures the profitability of shareholders investments, and choose the net income as a percentage of shareholders equity. It is calculated as:

ROE = Annual Net Income / Average stockholders' equity.

Net Profit Margin (NPM)

The net profit percentage is the ratio of after-tax profits to net sales. It reveals the remaining profit after all costs of production, administration, and financing have been deducted from sales, and income taxes recognized. As such, it is one of the best measures of the overall results of a firm, especially when combined with an evaluation of how well it is using its working capital. The measure is commonly reported on a trend line, to judge performance overtime. It is also used to compare the results of a business with its competitors. Net profit is not an indicator of cash flows, since net profit incorporates a number of non-cash expenses, such as accrued expenses, amortization, and depreciation.

Theoretical Framework

The following theories have been considered in this study namely: stakeholder theory, stewardship theory, agency theory and resource dependency theory. However, this research study is anchored on the theoretical underpinnings of agency theory which explains the contractual relationship between the owners (principal) and the agents (managers) of business entities.

Stakeholder Theory

Farar, (2023) opined that the stakeholder's theory was adopted to fill the observed gap created by omission found in the agency theory which identifies shareholders as the only interest group of a corporate entity. Within the framework of the stakeholder's theory, the problem of agency has been widened to include multiple principals. The stakeholder's theory attempts to address the questions of which group of stakeholders deserve the attention of management. The stakeholders' theory proposes that companies have a social responsibility that requires them to consider the interest of all parties affected by their actions. The original proponent of the stakeholders' theory suggested a re-structuring of the heretical

perspectives that extends beyond the owner-manager-employee position and recognizes the numerous interest groups. Monk, and Minow, (2021), suggested that: "If organizations want to be effective, they will pay attention to all and only those relationships that can affect or be affected by the achievement of the organization's purpose" **Agency Theory.** Agency theory is a theory that has been applied to many fields in the social and management sciences: politics, economics, sociology, management, marketing, accounting and administration. The agency theory a neoclassical economic theory (Al-Faki, 2019) and is usually the starting point for any debate on the corporate governance. The theory is based on the idea of separation of ownership (principal) and management (agent). It states that "in the presence of information asymmetry the agent is likely to pursue interest that may hurt the principal (Uche, 2021). It is earmarked on the assumptions that: parties who enter into a contract will act to maximize their own self-interest and that all actors have the freedom to enter into a contract or to contract elsewhere. Furthermore, it is concerned with ensuring that agents act in the best interest of the principals (Osiyemi, 2016). **Resource Dependency Theory.** Whilst the stakeholder theory focuses on relationships with many groups for individual benefits, resource dependency theory concentrates on the role of board directors in providing access to resources needed by the firm (Owojori, 2021). According to this theory the primary function of the board of directors is to provide resources to the firm. Directors are viewed as an important resource to the firm. When directors are considered as resource providers, various dimensions of director diversity clearly become important such as gender, experience qualification and the like. According to Abdullah and Valentine, directors bring resources to the firm, such as information, skills, business expertise, access to key constituents such as suppliers, buyers, public policy makers, social groups as well as legitimacy. Boards of directors provide expertise, skills, information and potential linkage with environment for firms (Mallin, 2020). The resource based approach notes that the board of directors could support the management in areas where in-firm knowledge is limited or lacking. The resource dependence model suggests that the board of directors could be used as a mechanism to form links with the external environment in order to support the management in the achievement of organizational goals (Uche, 2021) The agency theory concentrated on the monitoring and controlling role of board of directors whereas the resource dependency theory focus on the advisory and counseling role of directors

to a firm management. Each of the three theories is useful in considering the efficiency and effectiveness of the monitoring and control functions of corporate governance.

Empirical Framework

Osuyemi (2016) among 10 selected mining companies listed in the Johannesburg Stock Exchange using secondary data in the form of companies' annual reports. The study adopted a descriptive quantitative design. The study revealed interesting outcome of governance, CSR and sustainability reporting within the South African Mining Industry. The results showed high corporate governance reporting among the firms considered for the study which correlated with CSR performance. A critical appraisal of the literature reviewed shows that while some studies provide evidence for negative relationship between corporate governance proxy variables and firm financial performance, others found positive relationship while some found independent and mixed relationship between the two proxies. Several explanations have been adduced for these inconsistencies: use of public data, survey data (fraught with biases) which are generally restricted in scope. Ogbechie and Dimitro (2018), study for fifteen (15) listed firms in manufacturing and cranking sector in the Nigerian Stock Exchange showed that stewardship ownership mechanisms structure has negative and insignificant relationship with share price. Conclusively for his study, higher number of shareholders on the board has a negative effect of share price. On the other hand stewardship mechanisms audit committee independence was found to have a positive and significant correlation with share price. This suggest thus, the higher the number of shareholders compared to directors on the audit committee, the better the share price value of the company. Of interest to this study are findings on the impact of corporate governance on firm financial performance using descriptive content analysis. Study by Adebayo, Yusuf and Omah, (2019) for 20 firms in Nigeria showed that a positive and significant relationship exist between ROE and board size, profit margin and chief executive officer's status, ROE board composition and audit committees and finally between profit margin (as dependent variables) and board size, board composition and audit committee as independent variables. Study on board composition in Nigeria by Okene, Chinwo and Ikeh, (2019) who seek to examine the influence of board composition in the form of the representation of the outsider non-executive directors on the economic performance of firms in Nigeria showed that there was no significant relationship between board composition and any of the performance measure (ROE, ROCE, ROAM, EPS

and DPS) using a simple regression analysis through survey for a sample of 38 listed firms in Nigeria. A study on board size by Amah, (2020) for Nigeria using regression analysis for 50 firms quoted on the Nigerian Stock Exchange during the period 2001-2010 showed that bigger board size had a significant negative relationship with the indicator of firm financial performance (NPAT). Maher and Anderson, (2022) pointed out the attention of capital market participants to corporate governance, particularly their need to identify situations that may cause earnings management and opportunistic behavior. One of the most important information sources about governance practices of firms is rankings published by several institutions. The authors hypothesized that if the market participants use the rankings, there must be a significant positive relationship between the rankings and stock prices. For a three-year period from 2002 to 2005, they used a sample of 196 observations from 289 Canadian firms. They used the rankings published by Canadian Newspaper Globe and Mail and found that the rankings have an effect on investors; however, the rankings are at least partly reflected in accounting results. Magdi and Nadereh (2022) investigated the relationship between the quality of corporate governance policy and the firm financial performance by using a sample of 3068 firms from Corporate Library database. The results of the study showed that firms with a better corporate governance policy are more likely to have a better financial performance. Study by Gompers, Ishii and Metrick, (2023) found that firms with more independent boards and higher institutional ownership experience worse stock returns during a crises using international ample of 196 financial firms from 30 countries. Further they found that firms with more independent boards raised more equity capital during crisis, which led to a wealth of transfer from existing shareholders to debt holders. In Nigeria, corporate governance has also received maximum attention as its effects of continuance of a firm have been recognized. This recognition has seen actions such as the setting up of the Peter side Commission on corporate governance in public corporations by the Securities and Exchange Commission (SEC) and the setting up of the sub-committee on corporate governance for companies and other financial institutions by the Bankers Committee. Farar, (2023) found that both board size and ownership structure are positively impacted on return on equity. Nevertheless, the study found that corporate governance practices is negatively associated with companies' assets. In addition, Results show that there is no effect of board structure since it considers as a profitability measures predictor in Nigerian.

METHODOLOGY

This study basically adopted correlational survey research design. correlational study is a quantitative method of research in which the researcher has two variables from the same group of participants and tries to determine if there is a relationship between the two variables. The correlational survey design was adopted because to the study intends to Determine the relationship between stewardship mechanism and performance of companies. The study uses secondary data. Data collection was done by

documentary review in which financial statements and reports were examined. The data needed for this study is sourced from the Nigerian Stock Exchange, financial publications of the selected listed companies.

The parametric multiple regression technique is used in analyzing data. The decision to use this technique is because it measures the relationship between the criterion variable and the predictor variable. It also symbolizes the strength as well as the direction of the relationship between the two variables.

PRESENTATION OF DATA.

1. Descriptive Statistics

Table 1: Descriptive Statistics

VARIABLES	ROA	ROE	NPM	ACI	BDI	AUI
Mean	0.0102052	-0.39580	-13490362	10.11184	2.184211	1.677632
Median	0.019348	0.101241	-8637283.	10.00000	2.000000	4.500000
Maximum	0.131050	1.770331	1.18E+08	13.00000	4.000000	9.000000
Minimum	-0.0465884	-12.39541	-1.09E+08	8.000000	1.000000	3.000000
Std. Dev.	0.058342	1.171792	26269883	1.369243	1.032075	1.463019
Skewness	-5140635	-10.07065	-0.199603	0.465378	0.242747	0.722826
Kurtosis	38.48870	113.3894	8.523577	2.282123	1.806615	2.967091
Jarque-Bera	8645.966	79746.10	194.2387	8.750469	10.51252	13.24294
Probability	0.000000	0.000000	0.000000	0.012585	0.005215	0.001331
Sum	1.811887	-6.016145	-2.05E+09	1537.000	332.0000	711.0000
Su Sq. Dev.	0.513977	207.3375	1.04E+17	283.0987	160.8421	323.2039
Observation	280	280	280	280	2280	280

Table 1 above shows the mean (average) for each variable, their maximum values, minimum values, standard deviation. The result provides some insight into condition of firms selected data used. Firstly, it was observed that over this considered period, the sampled companies have positive average ROA of 0.0102052, and the negative mean of ROE is -0.039580 and mean of net profit margin (NPM) is - 13490362, this means that firm selected has positive return on assets and negative ROE and NPM within study period. The table also reveals that a positive average value of 10.11184 for ACI, 2.184211 for BDI, and 4.677632 for AUI for selected firms. The maximum value of ACI is 13.00000 and its minimum value is 8.000000, maximum value for BDI is 4.000000 and its minimum value is 1.000000; maximum value for ACI is 9.000000 and its minimum value is 3.000000. The large differences between the maximum and minimum value shows that firm's data used as homogeneous.

2. Correlation Analysis

Table 2: Correlation Analysis

Variables	ROA	ROA	NPM	ACI	BDI	AUI
ROA	1.000000	0.3	0.134079	-0.027881	0.194196	-2.44952
ROE	0.134079		0.113419	0.098193	0.058747	0.010522
NPM	0.131638	0.113419	1.000000	0.069884	0.076870	-0.006508
BDI	0.037881	0.098193	0.069884	1.000000	-0.197442	0.332180
ACS	0.194196	0.058747	0.076870	-0.197442	1.000000	-0.311286
AUI	-0.2449542	0.010522	-0.006508	0.332180	-0.33211286	1.000000

The correlation matrix is to check for multi-collinearity and to explore needed association between each explanatory variable and dependent parameter. Outcome of correlation matrix table (table 2 above) show that ROA has positive association with ROE and NPM. This justifies the use of both measures as financial performance proxies. The table shows that ROA has negative link with ACI (-0.02788 1) and AUI (-0.244952) and positive link with BDI (0.194196). ROE has strong positive link with ACI (0.098193), ACS (0.058747) and AUI (0.010522); while NPM has a strong positive association with BDI (0.069884) and ACS (0.076870) and

also has a strong negative association with AUI (-0.006508). AULP has a strong positive association with AUI (0.332180), and also has negative association with BDI (-0.197442). BDI is negatively linked with AUI (-0.311286). In checking for multi-collinearity, the study observed that no two explanatory variables were perfectly correlated.

3. Regression Analysis

Table 3: Return on Assets (ROA) Model

Variable	Coefficient	STD. ERROR	T-STATISTIC	PROB
C	1.08E+08	45162313	2.401271	0.0176
ACI	3343111	1676346	1.994285	0.0480
BDI	2052340	2123310	0.966576	0.3353
AUI	-727853.4	1564689	-0.465174	0.6425
r-squared	0870846	Mean dependant var		13490362
Adjusted squared	R – 0863026	S. D. Dependand var		26269883
S.E of regression	2528575	Akiake info criterion		36.97299
Sum aquared rcs	9.51E + 16	Schwarz criterion		37.07246
Log likelihood`	-2804.947	Hannan – Quinn criter		38.01339
f-statistic	3.539253	Durbin-Watson stat		2.069337
Prob (F-Statistic)	0.008661			

The R-squared which is co-efficient of determination or measure of goodness of fit of the model, tests the explanatory strength of independent parameter in any regression model. From our result, the R-squared (R²) is 88% in ROA Model. This showed that our model displayed a good fit because the R² is closer to 100%, these explanatory parameters can impact up to 88% out of the expected 100%, leaving the remaining 12% which are accountable by other seen and unseen variables not present in designed models but present in error model. The F-statistics measures the overall significance of explanatory parameters contain in designed model, and it shows appropriate level of model used in analysis while the probability value means that model is significant and valid in explaining dependent variables outcome. From table 3 above, the calculated value of the f-statistics is 3.417694 and its probabilities are 0.003481 which is less than 0.05. We therefore accept and state that there is appreciable link between variables considered. This means that estimated parameter is appreciable in explaining Relationship in dependent parameter. The t-statistics helps in measuring the individuals' significance of parameters in model from the result report. It is observed from table 3 above that only AUI were statistically significant at 5% with its value as -2.4228 15. This implies that they have contributed significantly to stewardship at the rate of 5% level of significant. The remaining variables ACI and BDI (with its values 0.084600 and 1.488227 respectively) are appreciable at 5%. Our model has no issue of autocorrelation because the Durbin-Watson value is 1.528509 which is approximated as 2 (that Means, autocorrelation absence in designed model for analysis). 5% with its value as -2.4228 15. This implies that they have contributed significantly to stewardship at the rate of 5% level of significant. The remaining variables ACI and BDI (with its values 0.084600 and 1.488227 respectively) are appreciable at 5%. Our model has no issue of autocorrelation because the Durbin-Watson value is 1.528509 which is approximated as 2 (that Means, autocorrelation absence in designed model for analysis). The apriori criteria are determined by existing accounting theory and states the signs and magnitude of variables from result. ACI has positive sign and its value is 0.084600. In ROA Model, this implies that increase in ACI increases stewardship by 8.5%, this conforms to our theoretical expectation. BDI has positive sign and its value is 1.488227. In ROA Model, this implies that increase in BDI increases corporate performance by 149%. AUI has negative sign in ROA Model and its value is -2.422815. This implies that decrease in AUI decreases corporate performance by 242%.

Table 4: Return on Equity (ROE) Model

Variable	Coefficient	STD. ERROR	T-STATISTIC	PROB
C	-3.724986	2.115986	-1.760402	0.0804
ACI	0.057963	0.078080	0.742347	0.4591
BDI	0.083296	0.097897	0.850852	0.3962
AUI	0.009809	0.071966	0.136301	0.8918
r-squared	0.830205	Mean dependant var		-0.039580
Adjusted squared	R- 0.825267	S. D. Dependand var		1.171792
S.E of regression	1.168702	Akiake info criterion		3.188338

Sum squared rcs	129416	Schwarz criterion	3.307701
Log likelihood`	236132	Hannan – Quinn criter	3.236827
f-statistic	1.159913	Durbin-Watson stat	1.957865
Prob (F-Statistic)	0.331791		

Source: Researcher E-view summary of Regression Analysis (2025).

The R-squared which is the co-efficient of determination or measure of goodness of fit of the model, tests the explanatory power of the independent variables in any regression model. From our result, the R-squared (R²) is 83% in ROE Model. This showed that our model displayed a good fit because the R² is closer to 100%, these explanatory variables can impact up to 83% out of the expected 100%, leaving the remaining 17% which would be accounted for by other variables outside the models as captured by the error term. The F-statistics measures the overall significance of the explanatory parameters in the model, and it shows the appropriateness of the model used for the analysis while the probability value means that model is statistically significant and valid in explaining the outcome of the dependent variables. From table 4. above, the calculated value of the f-statistics is 1.159913 and its probabilities are 0.33 1791 which is greater than 0.05. We therefore accept and state that there is no appreciable or notable link between variables. This means that estimated parameter is insignificant statistically in explaining link existing in dependent variable. The t-statistics helps in measuring the individuals' statistical significance of the parameters in the model from the result reported. It is observed from table 4. above that all the variables - ACI, BDI and AU were statistically insignificant at 5% with its values as 0.742347, 0.850852 and 0.136301 respectively. This implies that they have contributed insignificantly to stewardship at the rate of 5% level of significant. The model is free from the problem of autocorrelation because the Durbin-Watson value is 1.957865 which is approximated as 2 (that Means, the absence of autocorrelation in the model used for the analysis). The apriori-criteria are determined by the existing accounting theory and states the signs and magnitude of the variables from the result. All the variables (ACI, BDI and AUT) have positive sign and its values as 0.742347, 0.850852 and 0.136301 respectively. In ROE Model, this implies that increase in those variables will neither increase the stewardship by 74%,85% and 14% respectively; this conforms to our theoretical expectation.

Table 5. Profit Margin (NPM) Model

Variable	Coefficient	STD. ERROR	T-STATISTIC	PROB
C	1.08E+08	45162313	2.401271	0.0176
ACI	3343111	1676346	1.994285	0.0480
BDI	2052340	2123310	0.966576	0.3353
AUI	-727853.4	1564689	-0.465174	0.6425
r-squared	0870846	Mean dependant var		13490362
Adjusted squared	R – 0863026	S. D. Dependant var		26269883
S.E of regression	2528575	Akiake info criterion		36.97299
Sum squared rcs	9.51E + 16	Schwarz criterion		37.07246
Log likelihood`	-2804.947	Hannan – Quinn criter		38.01339
f-statistic	3.539253	Durbin-Watson stat		2.069337
Prob (F-Statistic)	0.008661			

The R-squared which is the co-efficient of determination or measure of goodness of fit of the model, tests the explanatory power of the independent variables in any regression model. From our result, the R-squared (R²) is 83% in NPM Model. This showed that our model displayed a good fit because the R² is closer to 100%, these explanatory variables can impact up to 83% out of the expected 100%, leaving the remaining 17% which would be accounted for by other variables outside the models as captured by the error term. The F-statistics measures the overall significance of the explanatory parameters in the model, and it shows the appropriateness of the model used for the analysis while the probability

value means that model is statistically significant and valid in explaining the outcome of the dependent variables. From table 5 above, the calculated value of the f-statistics is 3.53 9253 and its probabilities are 0.008661 which is less than 0.05. We therefore accept and state that there is a significance relationship between the variables. This means that the parameter estimates are statistically significant in explaining the relationship in the dependent variable. The t-statistics helps in measuring the individuals' statistical significance of the parameters in the model from the result report. It is observed from table 5 above that only ACI were statistically significant at 5% with its values as 1.994285. This implies that they have

contributed significantly to stewardship at the rate of 5% level of significant. The remaining variables (BDI and AUI with it; values as 0.966576 and -0.465174 respectively) are not statistically significant at 5%. The model is free from the problem of autocorrelation because the Durbin-Watson value is 2.069337 which is approximated a 2 (that Means, the absence of autocorrelation in the model used for the analysis). The operator criteria are determined by the existing accounting theory, and states the signs and magnitude of the variables from the result. ACI and BDI have positive sign and its values are 1.994285 and 0.966576 respectively. In NPM Model, this implies that increase in ACI and BDI will increase stewardship by 199% and 97% respectively, this conforms to our theoretical expectation. AUI has negative sign and its value is -0.465174. In NPM Model, this implies that decrease in AUI will decrease the corporate performance by 47%.

Hypotheses Testing

H0₁: There is no significant relationship between ACI and ROA.

Model 1 (ROA) From the result of our test in table 2 above, we found out that the value of our t-test for BDI is 0.084600 with a probability of 0.9327. This probability value is high compare to desired level of significant of 0.05. We accept null and reject alternative hypothesis, which says that no significant relationship exists between ACI and ROA of listed manufacturing companies in Nigeria. Thus, Board composition is positive and insignificant effect on performance of listed manufacturing companies in Nigeria at 5% level of significant.

H0₂: There is no significant relationship between ACI and ROE.

Model 2 (ROE) In the result from our test in table 3 above, we found out that the value of our t-statistics for AUI is 0.742347 with a probability of 0.4591. This probability value is greater than the desired level of significant of .D. accept the null and reject alternative hypothesis, which says that no significant relationship between ACI and ROE of listed manufacturing companies in Nigeria. Thus, Board composition is positive and has insignificant effect on companies' performance of listed manufacturing firms in Nigeria at 5% level of significant.

H0₃: There is no significant relationship between ACI and NPM.

Model 3 (NPM) In the result from our test in table 4. above, we found out that the value of our t-statistics for AUI is 1.994285 with a probability of 0.0485. This probability value is greater than the desired level of significant of .D. accept the null and reject alternative hypothesis, which says that no significant

relationship between ACI and ROE of listed manufacturing companies in Nigeria. Thus, Board composition is positive and has insignificant effect on companies' performance of listed manufacturing firms in Nigeria at 5% level of significant.

CONCLUSION

This research investigated the relationship between stewardship and performance of quoted manufacturing companies in Nigeria, and the following were found at the 5% level of significant: 1. Audit committee' independence is positive and has insignificant impact on financial performance (ROA) of quoted manufacturing companies in Nigeria. 2. Auditor committee independence is negative and has significant impact on performance (ROE) of committee manufacturing companies in Nigeria. 3. Auditor committee independence is negative and has significant impact on financial performance (NPM) of quoted manufacturing companies in Nigeria. From the findings of the study, in order to improve the operations of organizations, and by extension facilitate economic growth and development, the following recommendations are made: There is need to ensure that the board size of the firms is adequate and managed by well competent personnel with high level of firms and ethical standard. All meetings of the executives should be directed towards achieving corporate goals such as increasing performance of the firms. Periodic and impromptu checks can be made by the FRCN on companies in order to ascertain their level of compliance to standards. There is the need for strict compliance to all stewardship code issued by the regulatory authorities such as the Central Bank of Nigeria, Securities and Exchange Commission, Corporate Affairs Commission and the Financial Reporting Council of Nigeria (FRCN), by ensuring that monthly or quarterly report of compliance notifications are received from companies.

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