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## Corporate Governance Attributes and Directors' Remuneration of Quoted Firms in the Nigerian Exchange Group

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### Abstract

This study is aimed examining the extent to which board attributes of quoted firms in the Nigerian Exchange group influences directors' remuneration. The study adopted an ex-post facto research design and secondary data spanning from 2010 to 2021 were gleaned from the published financial statements and accounts of 13 Listed Commercial banks in Nigeria. The data collected were analyzed using descriptive and inferential statistical tools. The findings of the study revealed that board size and firms size have significant influence on directors' remuneration of listed banks in Nigeria, while board independence, board gender diversity and directors' ownership structure recorded insignificant relationship with directors' remuneration of listed banks in Nigeria. The study therefore recommends that given the significance impact of board size and firm size on directors' remuneration, banks should consider tailoring their board composition to strike a balance between diversity of expertise and effective decision-making. Board should avoid excessive size that might lead to inefficiencies and instead focus on ensuring inclusion of relevance skills –set necessary for effective governance.

**Keywords:** Corporate Governance Attributes, Board Size, Firms Size, Board Independence, Board Gender Diversity, Directors' Ownership Structure, Directors' Remuneration.

### INTRODUCTION

Corporate governance attributes and directors remuneration is defined in this context as a systematic identification and manipulation of certain strategic variables that would impact on the level of directors' remuneration within the structure of legal entity.

The study x-rayed these measures that would shape the level of performance in relation to the level of directors' remuneration within the listed firms in the Nigerian Exchange Group so as to emphasize their level of importance in attaining the organizational goals such as profit

maximization, wealth creation and societal improvement. According to Afam-Mebei & Ebiaghan, (2022) Corporate Governance practices ensure sound financial management that guarantees diversification of long-term investments, financial stability and business integrity. It strives to strike a balance between satisfying the stakeholders' needs and meeting the organizational goals. It seeks to reduce the agency problem between management and its widely spread shareholders in an organization.

Section 224 (1) of CAMA (2004) states that companies are to appoint Directors who shall run and oversee the day to day business of the companies and that they are to receive compensations and allowances during their tenure in office. Corporate governance specifies the distribution of rights and responsibilities among the various corporate participants including board directors, managers, employees, shareholders, suppliers, customers, business financiers, labour unionists, regulatory agencies and the society. It defines the rules, principles, ethical norms and conduct, organizational value internal control system and regulations that firms adopt for planning directing and controlling its operations. It also sets out clearly the purpose, obligations, responsibilities, standard and procedures of each functional areas of the organizations and allows it to develop a framework that ensures the conduct of continuous development, execution and monitoring of strategic policies and programmes in accordance with regulatory bodies laws and international best practice standard.

The culture of good corporate governance is to help establish an environment that opens way for accountability, transparency, integrity and trust within and outside the organization. In the light of the enormous responsibilities bestowed on the company's directors, they must exercise these functions with due diligence and care so as to elicit trust from the shareholders to enable them enjoy their continuity in office and also their remuneration should be adequate enough to guarantee their retention in office.

Jerab (2018) states that corporate governance has many advantages and effects. It creates more open visible and fraud free society. It ensures the rule of law with fairness and promoting moral wealth creation in an organization. In Nigeria, poor management of corporate governance attributes has led to total failure of many corporate outfits, such as, Kastina Steel Rolling Mill Co.ltd, Aba and Asaba Textile Mill ltd, Ajaokuta and Aladja Steel complex and a host of others too numerous to mention.

It also affected the social, economic and financial health of global firms. Countries like Thailand, Indonesia, Philippine and Malaysia suffered financial crises which affected their economy adversely. In 1997, accepting that some of the factors that worsened the economic and financial situation were external in nature, the authorities took great initiatives to improve the internal situations, particularly corporate governance attributes such as Board size, Firms size, Board independence Board gender diversity and Directors' ownership structure as they affect directors remuneration which the author adopted and examined within the framework of firms listed in the Nigerian Exchange Group and to what extent such variable affect the performance measures in their various organizations.

Corporate governance requires full disclosure of cumulative figure of directors' remuneration and allowances with categorization such as fees, bonuses, compensation for loss of office and other benefits in kinds based on an estimated money value differentiation between non-independent and independent directors.

In the light of the enormous complexities, challenges and responsibilities associated with corporate governance dynamics, Directors, of companies often opted for high level remuneration which they fixed for themselves at the expense of other stakeholders' interests and the organizational values. It is these challenges the author is poised to address by highlighting those variables that could lead to high cost of operations and to manage them through corporate governance measures such as board size, firm size, board independence, board gender diversity, directors' ownership structure as they affect directors' remuneration of firms quoted in the Nigerian Exchange group in order to better performances of the industrial, financial and social sectors of the Nigerian economy.

Specifically this paper will address the following objectives:

- (1) To ascertain the relationship existing between board size and directors; remuneration of quoted firms in the Nigeria Exchange Group.
- (2) To assess the influence, firms size wields on Directors' remuneration of quoted firms in the Nigerian Exchange Group.
- (3) To determine the effect, Board independence exerts on directors' remunerations of quoted firms in the Nigerian Exchange Group.
- (4) To assess the impact board gender diversity exerts on directors remuneration of quoted firms in the Nigerian Exchange Group.
- (5) To determine the relationship of directors' ownership structure on directors' remuneration of quoted firm in the Nigerian Exchange Group.

## **Conceptual Review**

### **Corporate Governance Attributes and Directors' Remuneration**

Corporate Governance Attributes is defined as a systematic identification and manipulation of strategic variables in an entity in order to regulate the level of directors' gross salary package (remuneration) so as to shape the performances of an Organisation. In this study, the corporate governance attributes (variables) identified are (1) Board size (2)Firms size (3)Board independence (4)Board gender Diversity (5)Directors Ownership structure. These measures of corporate governance can be managed effectively to regulate high level of directors' remuneration that might pose a threat to the survival of the firms, or low level compensation that will kill their morale to put up their best of service in an organization.

CAMA, 224(1)(2004) defines directors of a company as persons duly appointed by the company to direct and manage the business of the firms. This is a legal responsibility placed on the firm's directors which they must executive faithfully and with due diligence through the exercise of their professional ethical conduct to achieve the goal of the company. According to Oviatari (2020), Remuneration means every form of salaries, allowances, incentives and bonuses received by employees, and directors of a firm in respect of the duties they perform in an Organization.

In recent times, the high level of directors remuneration has robbed the shareholders of their dividend entitlements and this has made Ryan and Wiggins (2018), Orits-Ebigahan .& Ebiaghan (2023) to ask a question, "who, is in whose pocket?." Does this high salary paid to directors justify the service they render in an Organization? The level and make of directors' remuneration should be adequate to attract and retain the directors needed to run the firm successfully and their remuneration should be commiserate with their level of performance to ensure long term

viability liquidity and survival of the firm as a going concern as well as inculcating the culture of real earnings' management practice in the Organization.

### **Formulation of Hypotheses and Conceptual Review**

HO1: There is no significant relationship between board size and directors' remuneration of quoted firm in the Nigerian Exchange.

#### **(a) Board Size and Directors Remuneration**

Board size according to Abdullah (2019) is the total number of directors in the boardroom of a firm. It ranges from a small number to a large number.

Yermack (2019) states that small board gives CEOs higher incentives than large board and force them to bear more risks than the large board. All the categories of the Board directors are legally entitled to either salary packages or allowances to retain them in the employment of the firm. The larger the size of the board, the more remuneration the firm will likely pay the board directors hence the firm should tailor the composition of the board toward diversity of expertise instead of excessive board.

HO2: Firm Size does not wield any significant influence on directors' remuneration of quoted firms in the Nigerian Exchange Group

#### **(b) Firm size and Directors' Remuneration**

Firm size is measured by the log of Assets or capital base, and number of employees a firm has owned and controlled. It can also be measured by the rate of growth arising from expansion and diversification of investments and marketability trend of its products or services. The size of a firm has been of extra vital concern in determining directors' remuneration. Chalmer (2019) Ebiaghan 2020, observed that higher quality skill, qualification, experience and various characteristics are vital for large size firms and higher remuneration to Board of directors than smaller size firm with lower pay. Hijazi and Bhatti (2018) found that the firm size is closely related to Job difficulty and employer's ability in determining executive pay. Conyon (2019) opined that possibly, because of immense growth, firm demands a more competent manager who deserves higher pay. Therefore corporate governance has a direct positive relationship between firms size and directors' remuneration.

HO3: Board Independence does not exert any significant effect on directors' remuneration of quoted firm of the Nigerian Exchange Group

#### **(c) Board independence and Directors' Remuneration**

Abduldah (2019); Mordi, & . Ebiaghan, .(2022) Citing the independence directors Nigerian firm policy that Board composition comprises a mix of independent and non-independent directors and that the number of independent directors should be higher than non-independent directors whose responsibility is saddled with the day to day running of the business of the firm, while the independent directors monitor and carry out oversight functions on the activities of the chief executive (non independent) directors The function of the independent directors among other is Chairing and attending committees' meetings and make vibrant contribution to decision making process. Such committees include. Remuneration committee, Nomination committee, compensation committee Audit committee, Risk committee and General purpose and finance committee. All these committees members are entitled to salary, bonuses and allowances which must be pegged to induce job performance in order to increase the efficiency of firm's operations.

HO4: Board gender diversity does not have any significant impact on directors' remuneration of firms quoted in the Nigerian Exchange Group

### **Board Gender Diversity**

(d) Board Gender Diversity consists of the composition and proportion of male and female board directors in a firm, selected on ethnical and geographical spread. It elicits high quality representation and balance shade of opinion for effective decision making. It is argued that expatriate Chief Executive Officers appointed into board of directors of local firms paid in hard foreign currency rate tend to earn higher remuneration and perform better than indigenous chief Executive officers paid in Nigerian currency rate. Ahmad Sadiqun and Khan (2021) argued that Government should take a position either to enact a law or play active role to increase women participation in management positions in corporation in other to prepare them for future leadership stance. Zainal et al(2020) Abanum, & Ebiaghan(2022). Onoyenure. & Ebiaghan (2023) states that board gender diversity entails observable cognitive factors such as demographic factors which include ethnicity, gender, age and nationality while non observable cognitive factors include skill, experience, educational and occupational background.

HO5: Directors' ownership Structure does not have any significant relationship on directors' remuneration of firms quoted in the Nigerian Exchange Group.

### **(e) Directors, Ownership Structure**

Directors' ownership Structure refers to the total number of shares held by the board directors in relation to the total number of shares held by the firm. The proportional possession of shares affects the relationship between Directors ownership structure and directors' remuneration. It displays the owners' zeal and morale to boost performance in the firm and also provide an avenue to align their interest with those of the sundry shareholders as expressed by Firth, Tam and Tang (2018). Seiyaibo & Ebiaghan (2023), Seiyaibo & Ebiaghan (2022); Cheung et al (2019) observed that CEO's with large share ownership may complement their cash compensation with dividend income. According to Ozkan (2019) institutional ownership and blockholder ownership have no effect on CEO'S remuneration. It determines the owners' incentive and regulate their compensation in an organization.

## **EMPIRICAL REVIEW**

Edeh Lawrence (2021) examined the impact of directors' remuneration on corporate governance for thirteen (13) commercial banks quoted in the Nigerian Exchange group for the period of eight (8) years 2010-2017. The study was guided by the objective of finding the effects of directors' remuneration on corporate governance. The study employed descriptive statistics, correlation matrix and ordinary least square regression technique in analyzing the related data. Findings from the study revealed that there is no significant relationship between directors' remuneration (proxied as directors' salary and bonus shares) and corporate governance in terms of shareholders' value among quoted commercial banks in Nigeria.

Magaji Barde Ibrahim, Abubakar Ahmad (2021) studied a paradox as to whether people would be motivated if they believed that strong effort would lead to good performance and a good performance would lead to desired rewards. The objective of this study was to examine the effect of executive compensation and share ownership of quoted deposit money banks in Nigeria.

Executive compensation variables were proxied with Chief Executive Officers (CEO)'s pay, Chairman's compensation and highest paid director, while percentage of shares owned by executive represent the share ownership. Financial performance was measured using net interest margin. Robust ordinary least square regression technique was used for estimation while stata 13.0 was employed as a tool of data analysis. Secondary source of data was utilized and were obtained from the annual reports and accounts of the bank for a period of 2007 – 2019. Robust test such as normality test of error term was used to validate the results. The finding revealed that CEO pay had significant positive effect on financial performance of banks while chairman of board and committees and highest paid directors have negative influence on financial performance of banks.

Ahmadu, Amina Tukur (2018) carried out a research work on global events concerning high profile corporate failures have put back the policy agenda and intensified debate on the efficacy of corporate governance mechanism in increasing firm financial performance. This study attempts to address this problem of corporate failure of quoted firms using pooled ordinary least square regression analysis for a sample of 93 firms quoted in the Nigeria Stock Exchange for the period 1996 – 1999. While making a case for board size of ten concentrated firms for the study as opposed to diffused equity ownership, the results argue for the separation of the post of Chief Executive Officer (CEO) and chairman of the board of directors. Moreover, although the results find no evidence to support the idea that board with a higher proportion of outside directors perform better than the other firms. There was evidence that the firms run by expatriate CEOs tend to achieve higher level of performance than those run by indigenous CEOs. In the main the results were consistent with existing literature, but there was need to err on the side of caution in any attempt to generalize the findings as sample selection was determined by the availability of data rather than probability criteria.

Nordin (2020) explored the link between directors' remuneration and corporate governance with the Malaysia's quoted firms using data from annual report and data stream for 2011 – 2016 period. The relationship between directors remuneration and Government ownership was also examined. The variables used in the study were directors' remuneration and corporate governance attributes board size, firms size and board independence. They employed regression method in determining the relationship of the variable. The result showed that there was mixed link between directors remuneration and corporate governance attributes that firms were struggling for survival.

## METHODOLOGY

Ex-post research design was employed in this study because the data collected and used were already verified and cannot be manipulated. Secondary data were collected from Thirteen (13) commercial banks out of the population size of twenty four (24) commercial banks quoted in the Nigerian Exchange Group as at 2021. Inclusion and exclusion method of data selection was used to filter out commercial banks without update financial records and regular increase in directors' remuneration to bring down the sample size to thirteen (13) commercial Banks. The data were collected from the published accounts and records of those sampled banks for a period of 12 years spanning from 2010-2021. Null hypotheses and conceptual model were formulated which resulted into the adoption of linear regression technique to test the hypotheses.

The data were analyzed using descriptive and inferential statistics and correlation techniques. Stata 13.0 software package was used as a tool to analyze the data. The results of these tests were subjected to diagnostic tests using variance inflation factor (VIF) for the result of the multicollinearity test and Breusch-Pagan/Cook Weisberg for the result of the Heteroskedasticity test.

### Model Specification

The model as presented below is to guide the analysis of the study.

$$REM = \beta_0 it + \beta_1 it + \beta_2 SIZE_{it} + \beta_3 FSIZE_{it} + \beta_4 BBIND + \beta_5 BOGD + \beta_6 DOWN_{it} + Lit \dots \dots \dots \text{Equation 1}$$

WHERE: REM = Directors' remuneration

BSIZE = Board Size

FSIZE = Firm size

BIND = Board independence

BOGD = Board gender diversity

DOWN = Directors' ownership structure

T = Error term or stochastic term

$\beta_0$  = Constant term or intercept

$\beta_1-5$  = Coefficient of parameter

L = Individual Firms

it = Time Frame (2010 – 2021)

Priori expectation =  $\beta_1 - 5 > 0$

Table 1

#### Definition of Variables

S/N	VARIABLES	MEASUREMENT
1	Directors' remuneration (Dependent Variable)	Measured by directors salary and benefits of all kinds
2	Board Size (Independent variable)	Measured by the total number of directors in the boardroom
3	Firm size (Independent variable)	Measured by the log of Assets or capitalization owned by the firm.
4	Board Independence (Independent variable)	Measured by the ratio of the total number of independent (non-executive) directors to the total number of non-independent (executive) directors in the boardroom of a firm.
5	Board gender diversity (Independent variable)	Measured by the ratio of total number of female to male directors that are ethnically and geographically appointed into the boardroom of the firm.
6	Directors Ownership Structure (Independent variable)	Measured by the ratio of total equity shares held by the firm to the total number of shares held by the board directors in the firm.

Source : Author's collation, 2023.

## RESULTS AND DISCUSSION OF FINDINGS

### Descriptive Statistics

The result of the descriptive statistics for the whole data set is presented in table 2 below

Table 2

*Descriptive Statistics*

Variables	Obs.	Mean	Std. Dev.	Min.	Max.
REM	156	1.15477	2.00964	0.0091	11.4634
BFSIZE	156	13.3910	3.42019	5.0000	21.0000
Firm SIZE	156	9.01690	0.65694	7.0255	9.9544
BIND	156	60.97168	11.73488	36.8421	90.0000
BOGD	156	17,16408	10.56613	0.0000	60.0000
DOWN	156	10,18349	14.47019	0.0004	88.2353

Source: Stata Output 2023.

In Table 2 above the mean value indicates that, on average, directors' remuneration is around 1.15 units. The standard deviation suggests that there is variability in remuneration values with values ranging from as low as 0.0091 to as high as 11.4634. BFSIZE represents the average size of the board. The mean board size is approximately 13.39 members. The standard deviation indicates that there is variability in board size with values ranging from 5 to 21 members. Fsize represents the average size of the firm. The mean firm size is around 9.02 units. The standard deviation suggests that firm sizes are relatively consistent with values ranging from 7.0255 to 9.9544. BIND represents the level of board independence. The mean value is approximately 60.97168 indicating a moderate level of board independence. The standard deviation suggests some variability in board independence levels, ranging from 36.8421 to 90.0000. BOGD represents the level of board gender diversity. The mean value is around 17.16, indicating some degree of gender diversity on the board. The standard deviation suggests variability in gender diversity levels, ranging from 0 to 60. DOWN represents the level of directors' ownership level the mean value is approximately 10.18 units. The standard deviation suggests variability in ownership levels ranging from 0.0004 to 88.2353. The study is on corporate governance attributes and directors' remuneration for listed firms in the Nigerian Exchange Group.

### Correlation Analysis

Table 3

*Correlation Analysis*

Variables	REM	BFSIZE	FSIZE	BIND	BOGD	DOWN
REM	1.0000					
BFSIZE	-0.3818	1.0000				
FSIZE	0.7677	0.4482	1.0000			
BIND	0.0821	-0.3907	-0.0587	1.0000		
BOGD	-0.1488	0.0850	0.2250	-0.0063	1.0000	
DOWN	0.0858	-0.1520	-0.3296	-0.1276	-0.2000	1.0000

Source: Stata Output, 2023

In table 3, the correlation between BFSIZE and FSIZE is -0.3818. There is no information given for the correlations between BFSIZE and the other variables. The correlation between BFSIZE and itself is 1.0000. The correlation between BFSIZE and FSIZE is 0.4482. The correlations between FSIZE and BIND is -0.7677. There is no information given for the correlations between FSIZE and BOGD or DOWN. The correlation between BIND and itself is 1.000. The correlations between BIND and the other variables are provided 0.3907 with BFSIZE, -0.0587 with FSIZE,

0.0821 with BOGD and no information for correlations with BOGD or DOWN. The correlation between BOGD and itself is 1.0000. The correlations between BOGD and the other variables are provided: 0.0850 with BSIZE, 0.2250 with FSIZE, -0.1488 with BIND, and no information for correlations with DOWN. The between correlation DOWN and itself is 1.0000. The correlation between DOWN and other variables are provided: - 0.1520 with BSIZE, -0.3296 with FSIZE, - 0.1276 with BIND, and -0.2000 with BOGD.

### Multicollinearity Test

Table 4

#### Variance Inflation Factor (VIF) Test Result

Variable	BSIZE	FSIZE	BIND	DOWN	BOGD	MeanVIF
VIF	1.51	1.42	1.24	1.18	1.07	1.29
1/VIF	0.661525	0.703980	0.805014	0.847896	0.930690	—————

Source: Stata Output 2023.

Table 4 VIF values represent each respective predictor variable. VIF values greater than 1 indicate the degree of multicollinearity. Generally a VIF value greater than 5 or 10 is considered high and would indicate a potential issue within multicollinearity. The VIF values for our predictor variables are all below 1.51 which generally indicates low to moderate levels of multicollinearity. The highest VIF value is 1.51 (for BSIZE), which suggests that there is no significant issue with multicollinearity in the model, based on the VIF values. The mean VIF value is 1.29 which is relatively low. This indicates that, on average, the predictor variables in the model are not highly correlated with each other. The 1/VIF values are all above 0.66 which indicates that multicollinearity is not severe in the model. Higher 1/VIF values suggest less influence of multicollinearity on the variance of the coefficient estimates.

### Heteroskedasticity Test

Table 5

#### Breusch – Pagan/Cook Weisberg Test Result

Test for Heteroskedasticity	Chi 2(1)= 124.62;pro>chi 2 =0.000.0 Chi 2 = 0.0000
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Source: Stata Output 2023.

The P – value associated with the CHI – squared test statistic is reported as 0.0000. This extremely low P-value indicates strong evidence against the null hypothesis of no heteroskedasticity. In other words, the P-value is smaller than the typical significance level (e.g, 0.05), suggesting that the null hypothesis would be rejected.

### Test of Hypotheses

Each of the table below presents the regression results. The study adopted the standard errors for a simple linear model while analyzing the objectives of the study after the diagnostic tests and post estimation checks have been carried out.

### Decision Rule

Reject the null hypothesis (HO) and accept the alternate hypothesis (HA) where the P-value obtained is lesser than the level of significance (0.05), the result is deemed to be significant. Conversely, where the P-value obtained is greater than the level of significance (0.05) the results is deemed to be insignificant and the null hypothesis (HO) accepted.

### Hypothesis 1

There is no significant relationship between board size and directors Remuneration of quoted firms in the Nigerian Exchange group.

Table 6

*Result of Simple Regression Analysis*

<b>Independent</b>					
<b>Variable</b>	<b>Directors' Remuneration (REM) No. of Obs=156</b>				
<b>variables</b>	<b>Symbol</b>	<b>Coefficient</b>	<b>Std. Error</b>	<b>t-statistics</b>	<b>Sign</b>
<b>Constant</b>	Cons	4.15861	0.60472	6.88	0.0000
<b>BOARDSIZE</b>	BSIZE	-0.22432	0.04376	-5.13	0.0000
<b>F(1.154)</b>				26.27	
<b>(P-Value)</b>				0.0000	
<b>R. Squared</b>				0.1457	
<b>R. Squared Adj</b>				0.1402	
<b>Root MSE</b>				1.8635	

Source : Stata Output, 2023.

In table 6 above the total number of collation observations used in the regression analysis is 156. The estimated coefficient associated with the independent variable (BSIZE) is -0.22432. This Coefficient represents the change in the dependent variable (REM) for one – unit change in the independent variable. The t. statistics help to determine the significance of the coefficient. The p-value is 0.0000 which is less than the 0.05 level of significance therefore the null hypothesis (HO) which states that there is no significant relation between Board Size and directors remuneration in quoted firms in the Nigerian Exchange Group is rejected and the alternate hypothesis (HA) is accepted. So, there is positive significant relationship between Board size and Directors' remuneration in quoted firms in the Nigerian Exchange Group.

### Hypothesis 2

Firms size does not wield any significant influence on directors' remuneration of quoted firms in the Nigerian Exchange Group.

Table 7

*Result of simple Regression Analysis.*

<b>Dependent Directors' (REM) Variable</b>					
<b>Variable</b>	<b>Symbol</b>	<b>Coefficient</b>	<b>Std. Error.</b>	<b>t.statistics</b>	<b>Sig.</b>
<b>Constant</b>	Cons	21.4124	1.36644	15.67	0.0000
<b>FirmSIZE</b>	FSIZE	-2.24596	0.15106	-14.87	0.0000
<b>F(1.154)</b>				21.05	
<b>(P-Value)</b>				0.0000	
<b>R-Squared</b>				0.5894	
<b>R.Squared Adj</b>				0.5867	
<b>Root MSE</b>				1.2919	

Source: Stata Output, 2023.

In table 7, the number of observations used in the regressions analysis is 156. The estimated coefficient associated with the independent variable FSIZE is -2.24596. The coefficient represents the change in the dependent variable REM for a one unit change in the FSIZE. In this case, when the FSIZE increases by one unit, the estimated average REM decrease by approximately 2.24596 units. Smaller standard errors suggest no more precise estimates. All P-values are reported as 0.0000. Indicating that all coefficients are statistically significant. The value P-value is 0.0000 lesser than 0.05 level of significance therefore Firm size has a positive significant relationship on directors' remuneration of firms quoted in the Nigerian Exchange Group.

### Hypothesis 3

Board independence does not exert any positive significant effect on directors' remuneration of firms quoted in the Nigerian Exchange Group.

Table 8  
*Result of Simple Regression Analysis*

Dependent variable: Directors' Remuneration (REM) No. of Obs-156					
Variable	Symbol	Coefficient	S.t.d.Err.	t-statistics	Sig
Constant	Cons.	0.29717	0.85386	0.35	0.728
BOARD	BIND	0.01407	0.01375	1.02	0.308
INDEPENDENCE					
F(1.154)				1.05	
P. Value				0.3081	
R. squared				0.0067	
R. squared Adj				0.0003	
Root MSE				2.0093	

Source: Stata Output 2023.

In table 8, the number of observations used in the regression analysis 156. The estimated coefficient associated with the independent variable BIND is 0.01407. This coefficient, represents the change in the dependent variable REM for a one – unit change in the independent variable BIND. In this case, when the BIND increases by one unit, the estimated average REM increases approximately 0.01407units. Both coefficients have P-values greater than 0.05 indicating that they are not statistically significant at 0.05 level of confidence. The regression analysis suggest that the Board independence gender diversity has an insignificant positive relationship with directors. Remuneration of quoted firms in Nigerian Exchange group.

### Hypothesis 4

Board gender diversity does not have any positive significant impact on Directors' remuneration of firms quoted in the Nigerian Exchange Group.

Table 9  
*Result of Simple Regression Analysis*

Dependent variable: Directors' Remuneration (REM) No. of Obs.=156					
Variable	Symbol	Coefficient	Std. Err.	t-statistics	Sig.
Constant	CONS	1.64062	0.30521	5.38	0.000
Board gender diversity	BOGD	-0.02831	0.01516	-1.87	0.064
F(1.154)				3.49	
P-value				0.0637	

<b>R-squared</b>	0.0221
<b>R-squared Adj.</b>	0.0158
<b>Root MSE</b>	1.9937

Source :Stata Output, 2023.

Table 9 above shows a regression analysis that examines the relationship between the dependent variable (REM) and the independent variable (BOGD). The estimated coefficient for BOGD is -0.02831. This coefficient represents the change in the dependent variable (REM) for a one unit change in BOGD. When the BOGD increases by one unit, the estimated average REM decrease by approximately 0.02831 units while the P-values of the coefficient for BOGD is 0.0637 which is slightly above the conventional significance level of 0.05. The regression analysis suggests that board gender diversity has an insignificant negative relationship with directors' remuneration of quoted firms in the Nigerian Exchange Group. The null hypothesis is therefore, retained.

### Hypothesis 5

Directors' ownership structure does not have any positive significant relationship on directors' remuneration of quoted firms in the Nigerian Exchange group

Table 10

*Result of simple Regression Analysis*

<b>Dependent variable: directors remuneration (REM) NO. obs. 156</b>					
<b>Variable</b>	<b>symbols</b>	<b>Coefficient</b>	<b>Std. Err</b>	<b>t-statistics</b>	<b>Sig</b>
<b>Content</b>	CONS	1.03342	0.19687	5.25	0.000
<b>Directors' Ownership structure</b>	DOWN	0.01192	0.01115	1.07	0.287
<b>F (1.154)</b>				1.14	
<b>(P-Value)</b>				0.2869	
<b>R –squared</b>				0.0074	
<b>R –squared Adj</b>				0.0009	
<b>Root MSE</b>				2.0089	

Source: Stata Output, 2023.

In table 10, the estimated coefficient of DOWN is 0.01192. This coefficient represents the change in the dependent variable (REM) as a result of a one unit change in the independent variable (DOWN). When the DOWN increases by one unit the estimated average REM increases by approximately 0.01192 units. The P-value of DOWN is 0.2869 which is greater than the conventional significance level of 0.05. This suggests that the result is not statistically significant at the 0.05 level. Therefore the null hypothesis which states that Directors' Ownership structure has no significant effect on Directors' remuneration of quoted firms in the Nigerian Exchange Group is upheld and retained.

### CONCLUSION/ RECOMMENDATION

This study advances our comprehension of the intricate interplay between corporate governance attributes and directors' remuneration of firms quoted in the Nigerian Exchange Group. The significant impacts on board size and firm size on directors' remuneration underscore the evolving nature of governance structures and business complexities in the Nigerian industrial sectors.

Although, board independence, board gender diversity and directors' ownership structure did not exhibit significant effects in this specific context, they remain vital pillars of well rounded corporate governance that can contribute to sustainable business practices and long term value creation in industrial world and the society. As the corporate landscape continually evolving, further research studies are encouraged to explore the nuanced dynamics of executive compensation and corporate governance attributes in Nigeria and the rest of the world.

Based on the findings of this study the following recommendations are made:

- (i) Given the significant impact of board size on directors' remuneration, firms should consider tailoring their board composition to strike a balance between diversity and expertise for effective decision making. Boards should avoid excessive size that might lead to inefficiencies and instead focus on ensuring the inclusion of relevant skills necessary for sound governance.
- (ii) Firm size demonstrated a significant effect on directors' remuneration of quoted firms in the Nigeria Exchange Group. Firms should explore implementing compensation structures that align with performance measures and company growth. Performance linked with compensation can motivate directors to actively contribute to the success and expansion of the firms. Larger firms often require more intricate management. Firms should be considered benchmarking their directors remuneration against similar sized entities to ensure they remain competitive and attract top tier talent
- (iii) Board independence remains pivotal for effective corporate governance although it did not exhibit a positive significant effect on directors' remuneration in this study. Firms should focus on strengthening the role of independence directors in providing unbiased oversight and strategic guidance to influence the remuneration discussions.
- (iv) Although board gender diversity did not show any positive significant effect on directors' remuneration, its importance in providing robust shade of decision and opinion on effective decision making. The executive directors' activities in the organization cannot be overemphasized.
- (v) Board gender diversity will produce a robust potential succession planning, identifying and nurturing female talent for leadership positions. Even though not found significant, directors' ownership can be a powerful tool to align directors' interest with shareholders. Firms should continue to encourage directors to hold substantial stakes in order to foster a sense of ownership and commitment to long term success and survival of the firm as a going concern.

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