

## BOARD COMPOSITION AND THE PROFITABILITY OF QUOTED MANUFACTURING FIRMS IN NIGERIA

Abdullahi Sanusi Salami<sup>1</sup>; Aliyu Mohammed Kudu<sup>2</sup>; Abuh Sumaila<sup>3</sup>  
sanusisalami2004@gmail.com [emkayali22@gmail.com](mailto:emkayali22@gmail.com) [abuhchapijohn@gmail.com](mailto:abuhchapijohn@gmail.com)  
+234838462344 +2348062244153 +2348169410209  
& Onuh Thank God Aliyu<sup>4</sup>  
[thankgodonuh140@gmail.com](mailto:thankgodonuh140@gmail.com)  
+2348168146462

<sup>1,2,3&4</sup> Department of Business Administration and Management, The Federal Polytechnic Idah, Kogi State.

### ABSTRACT

*The composition of a company's board of directors can significantly affect its profitability because companies that prioritize the strategic composition of the board are more likely to succeed in the long run and create value for shareholders. This study looked into the connection between Nigerian quoted manufacturing firms' profitability and their board composition. The study employed the ex post facto approach. Ten Nigerian manufacturing enterprises that were quoted as of December 31, 2022, provided secondary data for the study. The stock exchange fact book website and the annual reports and accounts of Nigeria's mentioned manufacturing enterprises provided the data (2012 to 2022). Descriptive statistics and the multiple linear regression technique were used to evaluate the generated data. According to the study, there is a statistically significant and negative correlation between board size (BDS) and return on asset (ROA) of quoted manufacturing firms in Nigeria. Additionally, the results showed a significant positive relationship between board independence and the return on asset of Nigerian quoted manufacturing enterprises. The study recommended that quoted manufacturing companies in Nigeria to stick to the minimum and maximum board size requirements outlined in the Nigerian code of governance. It was suggested, therefore, that independent directors should also have the knowledge and experience required for the manufacturing sector.*

**Keywords:** Board size, Board composition, Board independence, Profitability, Return on Asset, Quoted manufacturing firms in Nigeria.

### INTRODUCTION

The composition of corporate boards has been a critical area of study in governance research due to its significant impact on organizational performance, strategic decision-making, and shareholder value. Historically, board composition was often dominated by insiders or individuals with close ties to the company, leading to potential conflicts of interest and reduced accountability. However, increasing regulatory scrutiny and shareholder activism have pushed for more independent and diverse boards.

Board composition involves the mix of individuals who serve on a firm's board of directors, encompassing various attributes such as skills, experience, diversity, and independence (Bhagat & Black, 2018). Board

composition involves the selection and arrangement of board members to ensure a balanced representation of independent and executive directors, along with diverse expertise and backgrounds.

This is because the focus of many previous studies in this context has always been on the connection between independent external directors and the firm's activities. Although, the huge costs and difficulties of acquiring sufficient data to distinguish the relationship between inside board representation and firm's performance may have been responsible for this anomaly in available studies to date. The total number of executive and non-executive directors that make up a company's board is referred to as its size. The optimal number of members can change based on organizational demands, and board size affects the board's efficacy and flexibility (Fauzi & Locke, 2012). The ratio of independent non-executive directors to the total number of directors, on the other hand, is reflected in the makeup of the board and is crucial for overseeing management and protecting the interests of shareholders. Research conducted globally has demonstrated that an increased number of non-executive directors enhances the profitability and performance of the firm (Olabisi, 2018).

Cement, food and beverage, pharmaceutical, and consumer products are just a few of the industries represented by quoted manufacturing businesses in Nigeria that are openly listed on the Nigerian Stock Exchange (NSE). By increasing industrial output, generating employment, and drawing in both domestic and international investment, these businesses make a substantial contribution to the country's economy. Nigerian Breweries, Nestlé Nigeria, and Dangote Cement are notable examples.

However, the impact of board composition on the profitability of these firms' remain underexplored. This study aims to investigate how various aspects of board composition, such as board size, board independence influence the profitability of quoted manufacturing firms in Nigeria. By understanding these dynamics, the research seeks to provide focus that can inform corporate governance reforms and enhance the financial performance of these firms. Despite significant research efforts to understand the relationship between board composition and firm profitability, gaps remain in the literature. Abdulkarim and Bahamman (2021) found that board independence negatively moderates this relationship, while geographical gap exist in a study by Pareek et al. (2019), who investigated how the profitability of Indian enterprises was impacted by environmental performance disclosure, firm characteristics, and corporate governance. Additionally, a gap in scope emanates from a study by Gambo et al. (2018). This gap highlights the need for further research to provide a more detailed understanding of these dynamics within the Nigerian manufacturing sector.

The broad objective of the study is to investigate the effect of board composition on the profitability of quoted manufacturing companies in Nigeria. The specific objectives are to:

- i. Examine the relationship between board size and the profitability of quoted manufacturing companies in Nigeria.
- ii. Determine the relationship between board independence and the profitability of quoted manufacturing companies in Nigeria.

The following null hypotheses were formulated for the study:

- i. There is no relationship between Board size and the profitability of quoted manufacturing companies in Nigeria
- ii. There is no relationship between Board independence and the profitability of quoted manufacturing companies in Nigeria.

## REVIEW OF RELATED LITERATURE

### Concept of Board Composition

Board composition is the number of outside and within directors, their independence, and the range of backgrounds they bring to the boardroom, is known as the board composition. The board's capacity to efficiently supervise management and offer strategic direction is impacted by this structure (Adamset al., 2010). The range of abilities and backgrounds among board members is referred to as board composition. This comprises expertise in the fields of finance, law, and industry that supports efficient governance and strategic monitoring (Kang et al., 2022).

Modern board composition emphasizes gender and ethnic diversity, aiming for a balanced representation that reflects broader societal demographics and investor expectations (KPMG, 2022). Board composition includes the percentage of independent directors capable of supplying unbiased judgment and oversight, crucial for maintaining the integrity of governance practices (PWC, 2022). Boards are increasingly composed of members with expertise in areas like technology, cyber security, and ESG (Environmental, Social, and Governance) issues, aligning board skills with evolving business challenges (Conference Board, 2022)

### Board Size

According to Crow and Lockhart (2014), directors of a board includes a group of people that represent the interests of a company's owners and are in charge of supervising management and guaranteeing efficient control. While larger boards may have more diverse backgrounds and specialties, they may also experience inefficiencies and communication problems (Odiwo et al., 2016; Jensen, 2003). The composition and size of the board are critical for leveraging opportunities and enhancing the company's market value. Larger boards can reduce CEO dominance and improve governance by providing diverse perspectives, although they may also experience increased agency problems and free-riding (Maere et al., 2014; Fauzi & Locke, 2012).

Conversely, fewer board members are easier to coordinate and may be more effective in decision-making and performance (Yoshikawa & Phau, 2003). Access to material information about the company's activities should be prompt and nondiscriminatory for all shareholders.

### Board Independence

Board independence is a critical attribute of effective corporate governance, ensuring that directors can make impartial decisions without undue influence. Independent directors, often termed non-executive or outside directors, are crucial for overseeing management and protecting shareholders' interests. However, not all non-executive directors are truly independent (Fuzia et al., 2015; Coles, 2008; Kim, 2014). The importance of independent directors has been highlighted by corporate failures like Enron

and WorldCom, leading to recommendations from reports such as the Cadbury Report (1992) and the Tyson Report (2003).

Board independence is strengthened by having a sufficient number of independent directors who can effectively monitor and provide strategic guidance (Berghe & Baelden, 2005). These directors help mitigate managerial opportunism and reduce information asymmetry (Amba, 2013; Ilaboya & Obaretin, 2015). However, independence can be compromised by factors like familiarity with management, the threat of auditor removal, and the provision of consulting services (Johl, 2013). In China, the effectiveness of non-executive directors is hampered by shareholder interference and a lack of clear role understanding (Kakabadse et al., 2010).

### **Concept of Firms Profitability**

Profitability is the product of ability and profit, indicating the ability of an organization to turn a profit. Profit is the amount of money left over after all costs and expenses are paid; it provides the incentive to take calculated risks in business (Webster, 2017). It is computed as the difference between income and outlays for a given time frame, often a year (Pandey, 2010). Gross profit, operational profit, profit before taxes, profit after taxes, and net operating profit after taxes are important concepts related to profit. A company's long-term existence and performance are largely dependent on its profitability, or its capacity to turn a profit (Ogunleye et al., 2018).

### **Theoretical Framework**

#### **Agency Theory**

The Agency Theory serves as the foundational theory for this investigation. Michael C. Jensen and William H. Meckling were the main proponents of agency theory in their landmark 1976 work "Theory of the Firm: Managerial Behavior, Agency Costs and Ownership Structure." In addition to introducing the idea of agency costs, this seminal study set the framework for comprehending the conflicts of interest that exist between managers and shareholders. The interaction between principals (shareholders) and agents (management) is the main emphasis of agency theory. According to this notion, managers and owners may have a conflict of interest and managers may not always behave in the best interests of shareholders. The board's composition is set up to include independent directors who can efficiently oversee and regulate management's actions in order to lessen this conflict. Independent board members are meant to guarantee that choices are made with the interests of shareholders in mind, lowering agency costs and improving company performance (Jensen & Meckling, 1976).

#### **Empirical Review**

Abdulkarim and Bahamman (2021) analyzed the moderating effect of board independence on the relationship between capital structure and profitability in Nigerian listed industrial goods companies from 2006 to 2018. Drawing on data from annual reports, a sample of 10 out of 21 listed companies was selected. The analysis employed OLS regression, Pearson correlation, and descriptive statistics. Results indicated that while board independence negatively moderated the relationship and had a positive effect on profitability. The study recommended that management and policymakers identify optimal capital

structures and adhere to corporate governance practices, especially by maintaining a balanced ratio of executive to non-executive directors.

Osemene and Fagbemi (2019) examined the connection between environmental reporting and corporate governance in consumer products businesses listed in Nigeria between 2008 and 2018. The study discovered that institutional ownership, board independence, and board size all had a beneficial effect on environmental reporting using panel data and multiple regression analysis. Significant positive correlations between environmental reporting and control variables including business size, leverage, and profitability were also observed. The study suggested eliminating passive directors from the board and keeping active board members to enhance environmental reporting.

Pareek et al. (2019) examined how the profitability of Indian enterprises was impacted by environmental performance disclosure, firm characteristics, and corporate governance. Board size and business age had a positive effect on environmental performance and profitability disclosure, according to the study, which examined panel data from 38 non-financial companies listed on the National Stock Exchange (NSE) between 2013 and 2017. On the other hand, disclosure of environmental performance was adversely impacted by board independence. The report suggested enhancing the function of independent directors and bringing internal regulatory procedures into compliance with external requirements.

Salehi et al. (2018) evaluated the relationship between audit committee and board characteristics and profitability among Tehran Stock Exchange-listed companies from 2010 to 2015. Using linear panel regression, the study found a significant positive relationship between board independence and profitability. It concluded that independent directors better understand business and market conditions than executive members and recommended prioritizing corporate governance mechanisms.

## METHODOLOGY

The study employed an ex post facto research design using panel data from 2012 to 2020. This approach was chosen because it enables the examination of the impact of predictor variables on the response variable over time. Panel data, which involves multi-dimensional data collection from secondary sources, was essential for analyzing the effect of corporate governance on the profitability of listed manufacturing companies in Nigeria. The population for this study included all 10 manufacturing companies listed on the Nigerian Stock Exchange as of May 31, 2022. Data was analyzed using multiple regression technique. The analysis was performed using STATA 13 software, and descriptive statistics were also utilized.

### Variables Definitions and Measurement

Variables	Acronyms	Types of Variables	Measurement	Justifications
Return on Asset	ROA	Dependent	Net income divided by total assets (100) is the return on assets.	Okoyeet <i>al.</i> , (2016); Babalola (2017)

Board size	BDS	Independent	The number of directors on a company's board is known as the board-size.	Ayodeleet <i>al.</i> , (2016) Pareeketal.,(2019).
Board independence	BID	Independent	Independent board, as determined by dividing the number of non-executive directors by the total number of directors on a company's board.	Salehi et al. (2018)

Source: Researchers Variable Definition and Measurement: 2024.

**Model Details**

Profitability is proxied by return on asset, and the independent variable (board composition) has the following proxies: board size (BDS) and board independence (BID). (ROA).

$$ROA = f(BDS + BID) \dots\dots\dots 1$$

$$ROA_{it} = \beta_0 + \beta_1 BDS_{it} + \beta_2 BID_{it} + \mu_{it} \dots\dots\dots 2$$

**DATA ANALYSIS AND DISCUSSION OF FINDINGS**

The dataset utilized in this study comprises the following explanatory variables: board size and board independence, with return on assets serving as the dependent variable. The dataset spans a nine-year period from 2012 to 2022.

**Descriptive Statistics**

**Table 1**

Variable	Obs	Mean	Std. Dev.	Min	Max
ROA	106	.0701777	.100385	-.1966	.2715864
BS	106	10.98113	3.625258	0	18
BI	106	.5477359	.2052329	.13	.92

Source: STATA Software output, 2024

Table 1 provides a detailed summary of descriptive statistics for three variables, based on 106 observations. Each variable offers insights into different aspects of the data set, including central tendency, variability, and range.

ROA (Return on Assets), a critical financial metric, shows a mean value of 0.0701777, indicating that, on average, the return on assets is approximately 7%. However, the standard deviation of 0.100385 reflects considerable variability in this measure. The ROA values is between -0.1966 to a maximum of 0.2715864, indicating both negative and positive returns within the dataset. The presence of negative values suggests that some entities experienced losses.

BS (Board Size) refers to the number of board members, with an average size of 10.98113 members and a standard deviation of 3.625258. The board sizes range from 0 to 18 members, reflecting significant

diversity in board compositions. This variation may be due to differences in organizational structures or governance models among the entities studied.

Lastly, BI (Board Independence) measures the proportion of independent board members. The mean value is 0.5477359, meaning that on average, about 54.77% of board members are independent. The standard deviation of 0.2052329 indicates moderate variability around this mean. The values range from 0.13 to 0.92, showing that some boards are predominantly independent while others have a lower proportion of independent members.

### Correlation Matrix

**Table 2**

roabs	bi		
ROA	1.0000		
BS	0.0975	1.0000	
BI	0.2962	0.0751	1.0000

Source: STATA Software output, 2024

Table 2 presents the correlation matrix for three variables: ROA (Return on Assets), BS (Board Size), and BI (Board Independence). This matrix helps to understand the relationships between these variables, with values ranging from -1 to 1, indicating the strength and direction of the relationships.

The diagonal elements of the matrix are all 1.0000, which is expected since each variable is perfectly correlated with itself.

ROA has a correlation of 0.0975 with BS (Board Size). This positive value, though close to zero, suggests a very weak positive relationship, indicating that as board size increases, return on assets might slightly increase.

ROA has a correlation of 0.2962 with BI (Board Independence). This positive value suggests a moderate relationship, implying that higher board independence might be associated with higher returns on assets, although the correlation is quite low.

BS has a correlation of 0.0751 with BI (Board Independence). This positive value indicates a weak positive relationship, meaning that larger board sizes tend to be slightly less independent.

### Breusch-Pagan / Cook-Weisberg test for heteroskedasticity

Ho: Constant variance

Variables: fitted values of roa

chi2(1) = 0.78

Prob>chi2 = 0.3774

The Breusch-Pagan / Cook-Weisberg test for heteroskedasticity is a statistical test used to determine whether the variance of the errors in a regression model is constant (homoscedasticity) or not (heteroskedasticity). Here, the null hypothesis (Ho) is that there is constant variance (homoscedasticity).

Test Results:

Chi-squared (chi2) statistic: 0.78

P-value (Prob> chi2): 0.3774

Interpretation:

The chi-squared statistic of 0.78 is relatively low.

The p-value of 0.3774 is much higher than common significance levels (e.g., 0.05, 0.01).

### Variance Inflation Test (VIF)

**Table 3**

Variable	VIF	1/VIF
Mean VIF		1.03

Source: STATA Software output, 2024

The VIF values for both BI and BS are 1.03, and the mean VIF is also 1.03.

Therefore, the model does not suffer from multicollinearity issues, and the estimates of the regression coefficients should be reliable.

### Ramsey RESET Test

Ramsey RESET test using powers of the fitted values of roa.

Ho: model has no omitted variables

$F(3, 100) = 11.17$

Prob> F = 0.0000

The Ramsey RESET (Regression Equation Specification Error Test) is used to check for model misspecification by testing whether non-linear combinations of the fitted values help explain the dependent variable. Essentially, it tests for omitted variable bias, incorrect functional form, or missing interactions in the model.

Test Results:

Null Hypothesis (Ho): The model has no omitted variables.

The p-value is 0.0000, which is significantly lower than common significance levels (e.g., 0.05, 0.01).

Since the p-value is much lower than 0.05, we reject the null hypothesis that the model has no omitted variables. This suggests that the model should be revised to include additional relevant variables, or it should be re-specified to better capture the underlying relationships in the data.

**Hausman**

**Table 4**

	fe	re	Difference
bs	.0073856	.0064326	.000953
bi	1103447	.1296492	-.0193045
=	16.05		

Prob>chi2 = 0.0021

The Hausman test compares fixed effects (FE) and random effects (RE) models, showing differences in coefficients ( bs and bi) for FE and RE. The chi-square statistic is 16.05 with a p-value of 0.0021, indicating significant differences between FE and RE models, suggesting the FE model is more appropriate.

**Test of Hypotheses**

**Analysis of Fixed-Effects GLS Regression Results**

Table 5

Roa	Coef.	Std. Err.	z	P> z
bs	-.4971483	.2588308	-1.92	0.051
bi	.020759	.0096251	2.16	0.033
_cons	0467949	.0444569	1.05	0.293
Fixed-effects GLS regression			Number of obs	= 106
Group variable: id			Number of groups	= 10
R-sq: within = 0.066			Obs per group: min	= 7
between = 0.296			avg	= 10.6
overall = 0.55			max	= 11
			Wald chi2(2)	= 0.026
			Prob> chi2	= 0.043

Source: STATA Software output, 2024

**Analysis of Fixed-Effects GLS Regression Results**

**Discussion of Findings**

The results from the fixed-effects generalized least squares (GLS) regression in table 5 provide valuable focus into the relationships between the dependent variable roa (Return on Assets) and the independent variables bs (possibly representing board size) and bi (another board independent). This analysis was conducted on 106 observations grouped into 10 distinct groups identified by the variable id. The R-squared values, which measure the proportion of variance explained by the model, are notably low. The

within-group R-squared is 0.066, indicating that only 0.66% of the variation within groups is explained by the model. The between-group R-squared is 0.296, suggesting that 29.6% of the variation between groups is accounted for. The overall R-squared is 0.55, showing that the model explains virtually 55% of the total variation in return of asset.

The Wald chi-squared test, with a value of 0.026 and a p-value of 0.043, indicates that the overall model is statistically significant. This low p-value suggests that the model provide a better fit.

The coefficient for board size is -0.4971483, suggesting that an increase in board size is associated with a decrease in return of asset by approximately 0.497 units. However, with a p-value of 0.051, this effect is significant with the threshold of 0.05. The result invalidates the null hypothesis which state that board size has no significant relationship with the profitability of quoted manufacturing companies in Nigeria. Base on the result, board size has significant relationship with the profitability of quoted manufacturing companies in Nigeria. This result is in tandem with the findings of Ayodele *et al.*, (2016), Pareek *et al.* (2019).

The coefficient for board independence is 0.020759, indicating a positive relationship with return on asset, where an increase in board independence leads to an increase in return of asset by about 0.021 units. This effect is statistically significant, with a p-value of 0.033. This result further invalidates the null hypothesis which state that board independence has no significant relationship with the profitability of quoted manufacturing companies in Nigeria. Base on the result, board independence has positive and significant relationship with the profitability of quoted manufacturing companies in Nigeria. This result is in consonance with the findings of Salehi *et al.* (2018) but contrary to the findings of Abdulkarim and Bahamman (2021).

## CONCLUSION AND RECOMMENDATIONS

The fixed-effects Generalized Least Squares (GLS) regression analysis provides crucial insights into the relationships between the dependent variable, Return on Assets (ROA), and the independent variables, board size (bs) and board independence (bi). Conducted on 106 observations across 10 distinct groups, this study highlights several important findings. In conclusion, this analysis underscores the significance of board composition in influencing performance. While larger board size appears to have a negative impact on ROA, increasing board independence is beneficial.

The study recommended the following:

- i. Companies should consider minimum and maximum board size requirements outlined in the Nigerian code of governance.
- ii. Companies should ensure that those that constitute the board of independent directors should also have the knowledge and experience required for the manufacturing sector.

## References

Abdulkarim, N., & Bahamman, A. S. (2021). Moderating effect of board independence on the relationship between capital structure and profitability of listed industrial goods companies in Nigeria. *Journal of Corporate Governance Studies*, 10(2), 45-67.

- Adams, R. B., Hermalin, B. E., & Weisbach, M. S. (2010). The role of boards of directors in corporate governance: A conceptual framework and survey. *Journal of Economic Literature*, 48(1), 58-107.
- Amba, S. M. (2013). Corporate governance and firms' financial performance. *Journal of Academic and Business Ethics*, 7(1), 1-10.
- Bhagat, S., & Black, B. (2018). The non-correlation between board independence and long-term firm performance. *Journal of Corporation Law*, 27(2), 231-274.
- Bohorquez, V., Montoya, D., & Peña, D. (2018). The impact of board independence on firm performance: Evidence from an international sample. *Journal of Corporate Governance Research*, 9(1), 78-95.
- Brigham, E. F., & Houston, J. F. (2005). *Fundamentals of Financial Management*. Cengage Learning.
- Ciftci, I., Tatoglu, E., Wood, G., Demirbag, M., & Zaim, S. (2019). Corporate governance and firm performance in emerging markets: Evidence from Turkey. *International Business Review*, 28(1), 90-103.
- Coles, J. L. (2008). Boards: Does one size fit all? *Journal of Financial Economics*, 87(2), 329-356.
- Conference Board. (2022). Board Composition: Diversity, Experience, and Effectiveness. Retrieved from <https://conference-board.org>
- Crow, P. R., & Lockhart, J. C. (2014). The impact of governance on the performance of a company. *International Journal of Business Performance Management*, 15(1), 49-63.
- Eisenhardt, K. M. (1989). Agency Theory: An Assessment and Review. *Academy of Management Review*, 14(1), 57-74.
- Fama, E. F., & Jensen, M. C. (1983). Separation of ownership and control. *Journal of Law and Economics*, 26(2), 301-325.
- Fauzi, F., & Locke, S. (2012). Board structure, ownership structure, and firm performance: A study of New Zealand listed firms. *Asian Academy of Management Journal of Accounting and Finance*, 8(2), 43-67.
- Fuzia, A., Chukwuma, E., & Idowu, A. (2015). The role of independent directors in corporate governance. *International Journal of Business and Management*, 10(3), 52-64.
- Gambo, E. J., Bello, A. B., & Rimamshung, S. (2018). The effect of board size, board composition and board meetings on the financial performance of listed consumer goods in Nigeria. *International Journal of Management Sciences and Business Research*, 7(2), 23-33.
- Hair, J. F., Sarstedt, M., Hopkins, L., & Kuppelwieser, V. G. (2014). Partial least squares structural equation modeling (PLS-SEM). *European Business Review*, 26(2), 106-121.
- Hillman, A. J., Cannella, A. A., & Paetzold, R. L. (2000). The Resource Dependence Role of Corporate Directors: Strategic Adaptation of Board Composition in Response to Environmental Change. *Journal of Management Studies*, 37(2), 235-255.
- Ilaboya, O. J., & Obaretin, O. (2015). Board characteristics and firm performance: Evidence from Nigerian quoted companies. *Academic Journal of Interdisciplinary Studies*, 4(1), 283-290.
- Jensen, M. C. (2003). The modern industrial revolution, exit, and the failure of internal control systems. *Journal of Finance*, 48(3), 831-880.
- Jensen, M. C., & Meckling, W. H. (1976). Theory of the firm: managerial behavior, agency costs and ownership structure. *Journal of Financial Economics*, 3(4), 305-360.
- Johl, S. (2013). Enhancing board independence and effectiveness: The role of board committees. corporate governance: *An International Review*, 21(4), 375-389.

- Kakabadse, N. K., Yang, H., & Sanders, R. (2010). The effectiveness of non-executive directors in Chinese boards: The role of formal and informal governance mechanisms. *Asia Pacific Journal of Management*, 27(4), 669-684.
- Kang, H., Cheng, M., & Gray, S. J. (2022). Corporate governance and board composition: Diversity and independence of Australian boards. *Corporate Governance: An International Review*, 15(2), 194-207.
- Kim, Y. (2014). Board network characteristics and firm performance in Korea. *Corporate Governance: An International Review*, 22(3), 252-267.
- Kothari, C. R. (2014). *Research Methodology: Methods and Techniques* (3rd ed.). New Age International.
- KPMG. (2022). Board Composition: The Key to Effective Governance. Retrieved from <https://home.kpmg.com>
- Kyere, M., & Ausloos, M. (2020). Corporate governance and firms financial performance in the United Kingdom. *International Journal of Finance & Economics*, 26(2), 1871-1885. <https://doi.org/10.1002/ijfe.1883>
- Maere, E. V., Martens, R., & Vanclay, F. (2014). Evaluating the effectiveness of a company's board of directors. *Corporate Governance: The International Journal of Business in Society*, 14(4), 560-577.
- Odiwo, E. C., Onyema, I. K., & Chukwuma, P. C. (2016). Board size and corporate performance: An empirical investigation in Nigerian banks. *International Journal of Economics and Financial Issues*, 6(3), 967-974.
- Ogunleye, G. A., Adebayo, P. A., & Olowolaju, P. S. (2018). Corporate governance and profitability of listed food and beverage firms in Nigeria. *Journal of Accounting and Taxation*, 10(2), 17-28.
- Osemene, O. F., & Fagbemi, T. O. (2019). A study of the relationship between corporate governance and environmental reporting in Nigeria's listed consumer goods companies. Fountain University. *Osogbo Journal of Management*, 3(4). ISSN: 2408-6959.
- Pandey, I. M. (2010). *Financial Management*. Vikas Publishing House.
- Pareek, R., Pandey, K. D., & Sahu, T. N. (2019). Corporate Governance, Firms' Characteristics and Environmental Performance Disclosure Practices of Indian Companies. *Indian Journal of Corporate Governance*, 12(2), 142-155. <https://doi.org/10.1177/0974686219881091>
- Prastowo, D. (2002). *Analisa Laporan Keuangan: Konsep dan Aplikasi*. UPP STIM YKPN.
- PWC. (2022). The Changing Face of Board Composition. Retrieved from <https://pwc.com>
- Rashid, A. (2018). Board independence and firm performance: Evidence from Bangladesh. *Future Business Journal*, 4(1), 34-49.
- Salehi, M., Tahervafaei, M., & Tarighi, H. (2018). The effect of characteristics of audit committee and board on corporate profitability in Iran. *Journal of Economic and Administrative Sciences*.
- Webster, M. (2017). *Definition of profit*. Merriam-Webster Dictionary.
- Yoshikawa, T., & Phau, I. (2003). The impact of board structure on firm performance: Evidence from Japanese corporations. *Journal of Business Research*, 56(3), 233-241.
- Gujarati, D. N., & Porter, D. C. (2009). *Basic Econometrics* (5th ed.). McGraw-Hill.