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**BOARD CHARACTERISTICS AND AGENCY COST EMPIRICAL EVIDENCE FROM LISTED
CONSUMER GOODS FIRMS IN NIGERIA**

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Abstract

This study examines the impact of board characteristics on agency costs within the context of listed consumer goods firms in Nigeria, covering the period from 2014 to 2023. The specific focus of this study is to understand how board size, board independence, board gender diversity, and board meeting frequency influence agency costs. This study is hinged on ex-post facto research design, analyzing secondary data sourced from annual financial reports of a population of 21 listed consumer goods firms, but narrowed to a sample of 16 firms selected via purposive sampling technique requiring availability of annual financial report and complete information meant for the analysis. In analyzing the data and testing the hypothesis of this study, robust regression analysis technique was employed due to the presence of heteroscedasticity detected in the ordinary least square regression model. The findings reveal that board size has a statistically significant positive effect on agency costs, indicating that larger boards may lead to inefficiencies in asset utilization, thereby increasing agency costs. In contrast, the variables of board independence and board gender diversity

showed insignificant impact on agency costs. However, the frequency of board meetings revealed a significant positive effect on agency costs, implying that while frequent meetings are intended to improve oversight, it may also lead to higher administrative costs and inefficiencies. This study recommends that management of listed consumer goods firms should be conscious of balancing the sizes of its boards and the same applies to meeting frequency to enhance governance effectiveness while minimizing agency costs. This study contributes to the existing body of knowledge by providing empirical insights into the dynamics of corporate governance within Nigeria's consumer goods sector. The findings have significant implications for corporate governance reforms aimed at improving firm performance by reducing agency-related inefficiencies.

Keywords: *Board Characteristics, Agency Cost, Consumer Goods Firms, Robust Regression Analysis*

Introduction

The composition of the board plays a critical role in determining firm performance, particularly in terms of reducing the proportion of agency cost. Boards serve as reliable organizational tools that significantly influence decision-making and oversight mechanisms. As Fama and Jensen (1983) posited, non-executive directors are crucial in mediating disputes between managers, overseeing policies, and providing advisory support. Corporate governance practices, particularly independent boards, enhance monitoring functions, ensuring that managers align their actions with shareholders' interests (Jiraporn & Ning, 2006). As reported by Eisenhardt, (1989), agency theory emphasizes the importance of board characteristics in mitigating conflicts of interest, such as opportunistic behaviours by managers, by employing mechanisms like paying dividends to shareholders and ensuring appropriate board size to avoid inefficiencies. This is in line with theoretical underpinnings which suggest that independent directors and diverse board compositions help reduce information asymmetry and moral hazards, creating value for stakeholders (Pasquale & Gracia, 2021). Salehi, Adibian, Sadatifar & Khansalar, (2021) noted that as governance structures evolve, the link between board attributes and agency costs becomes more pronounced, necessitating robust governance frameworks.

Agency costs, a central issue in corporate governance, arise when conflicts between principals (shareholders) and agents (managers) lead to inefficient resource utilization. Jensen and Meckling (1976) define agency costs as expenses incurred to structure, monitor, and align managerial actions with shareholders' interests. High agency costs often stem from poor board oversight and misaligned interests, adversely affecting firm performance and stakeholder value (Bosse & Phillips, 2016). Notably, prior related studies in developed economies, such as the United States, Australia, and the United Kingdom, highlights significant variations in agency cost levels based on corporate governance structures (Ang, Cole & Lin, 2000; Florackis & Ozkan, 2004). Unlike developed economies, where corporate governance frameworks are well-established and extensively studied, Nigeria's corporate landscape is characterized by evolving governance practices, regulatory challenges, and unique socio-economic factors (Shaba, 2024; John, 2023).

Using robust regression analysis, this study fills a critical gap in the literature by introducing agency cost as a proxy for firm performance within the context of Nigerian consumer goods firms, moving beyond traditional metrics such as return on total asset and return on equity to explore internal governance dynamics. It also makes a significant contribution to the underexplored governance practices within Nigeria's consumer goods sector, offering empirical evidence to inform governance reforms aimed at reducing agency costs and enhancing firm efficiency. By exploring the nexus between board characters and agency costs, this study addresses a significant gap in the literature. It offers fresh insights into how governance mechanisms can be tailored to mitigate conflicts of interest and enhance organizational efficiency in a developing economy.

Additionally, the study provides empirical evidence that reflects the realities of Nigerian firms, including resource constraints, institutional deficiencies, and cultural dynamics, making its findings highly relevant to policymakers, regulators, and practitioners aiming to strengthen corporate governance in similar contexts. By contributing to the under-researched area of governance in Nigeria's consumer goods sector, this study not only enriches academic discourse but also provides actionable recommendations for improving corporate accountability, reducing agency costs, and fostering economic growth. Overall, this study represents a novel contribution in the context of a developing country like Nigeria, particularly for consumer goods firms, due to its focus on agency costs and its intricate link to board characteristics within a sector pivotal to the nation's economy.

The rest of the study proceeds as follows: Section 2 provides conceptual as well as theoretical reviews and expresses the null hypotheses. Section 3 outlines the methodology and specified the model employed to prove the hypotheses. Presentation and discussion of results are provided in section 4 while in section 5, the author provides conclusion and proffer some workable recommendations.

Literature Review

Conceptual Literature

Corporate Board Characteristics

Corporate board characteristics encompass the various attributes that define the composition and functioning of a company's board of directors, serving as a cornerstone of corporate governance. Key characteristics include board size, which refers to the total number of directors; board composition, denoting the mix of executive and non-executive directors; board diversity, encompassing dimensions such as gender, age, ethnicity, and professional background; and board independence, indicating the proportion of directors free from relationships that could impair impartiality. These attributes are pivotal in shaping the board's ability to effectively oversee management, provide strategic guidance, and uphold shareholder interests. For instance, board diversity introduces a range of perspectives that can enhance decision-making processes and foster innovation. Similarly, board independence is crucial for objective oversight and mitigating potential conflicts of interest. Understanding these characteristics is essential for evaluating how boards influence corporate strategy, risk management, and overall firm performance. Extant literature emphasizes the dynamic relationship between these attributes and their collective impact on organizational outcomes. In this regard, Zulnisyam (2023) presents a conceptual framework linking board

characteristics to firm performance, highlighting the moderating role of external factors. Additionally, research by Khan et al. (2021) provides a comprehensive review of how various board attributes affect financial performance, underscoring the complexity of the relationships. Such insights contribute to deeper understanding of how specific board configurations can be optimized to achieve desired governance objectives.

Agency Cost

Agency cost is a fundamental concept in corporate governance and economic theory, referring to the internal expenses that arise from conflicts of interest inherent in principal-agent relationships, where one party (the agent) makes decisions on behalf of another (the principal). These costs are typically categorized into monitoring costs, bonding costs, and residual losses. Monitoring costs are incurred by principals to oversee and control agents' actions, ensuring alignment with the principals' interests. Bonding costs are borne by agents to commit to acting in the principals' best interests, often through contractual agreements or performance guarantees. Residual losses represent the economic inefficiencies that occur when agents' decisions diverge from those that would maximize the principals' welfare, despite monitoring and bonding efforts. The principal-agent problem, which underlies agency costs, is exacerbated by information asymmetry (Mishra, Heide & Cort, 1998), where agents possess more information than principals, leading to potential moral hazard and adverse selection issues. In corporate settings, agency costs manifest in various forms, such as managers pursuing personal benefits at the expense of shareholders (Chen, Lu & Sougiannis, 2012) or making suboptimal investment decisions that do not align with shareholders' wealth maximization goals. Effective corporate governance mechanisms aim to mitigate agency costs by aligning the interests of managers and shareholders through incentive structures, transparent reporting, and active oversight.

Theoretical Framework

Agency Theory

Agency Theory, introduced by Jensen and Meckling (1976), serves as a pivotal framework in understanding the relationship between agency costs and board characteristics within corporate governance. This theory addresses the inherent conflicts of interest that arise when principals (shareholders) delegate decision-making authority to agents (managers), leading to potential divergences between the goals of the two parties. Key assumptions of agency theory include the presence of information asymmetry, where agents possess more information than principals, and the notion that both parties are utility maximizers, often resulting in agents prioritizing personal interests over those of the principals. In the context of board characteristics, the theory posits that certain attributes of the board, such as its size, composition, and meeting frequency, can significantly influence the effectiveness of monitoring and controlling managerial actions, thereby impacting agency costs. For instance, a board with high proportion of independent directors may provide more effective oversight, reducing the likelihood of managerial opportunism and associated agency costs. Conversely, excessively large boards might face coordination challenges, diminishing their monitoring effectiveness and potentially increasing agency costs. Therefore, Agency theory provides a robust lens through which to

examine how specific board characteristics can mitigate or exacerbate the conflicts inherent in principal-agent relationships, ultimately influencing the efficiency and governance of organizations.

Board Size and Agency Cost

Board size, agency costs nexus has elicited diverse theoretical interpretations within corporate governance literature. Proponents of larger boards argue that increased membership enhances the board's capacity to monitor management effectively, thereby reducing agency costs. This perspective aligns with resource dependence theory, which posits that larger boards provide a broader range of expertise, perspectives, and resources, facilitating better oversight and strategic decision-making (Pfeffer & Salancik, 2015). Conversely, agency theory suggests that larger boards may exacerbate agency costs due to coordination challenges, diffusion of responsibility, and potential for free-riding among directors, leading to less effective monitoring and control over management (Jensen, 1993). This viewpoint advocates for smaller boards, emphasizing that streamlined communication and decision-making processes enhance efficiency and reduce agency-related inefficiencies.

Nevertheless, a third perspective, grounded in stewardship theory, posits a neutral stance, suggesting that board size may not significantly impact agency costs. Stewardship theory emphasizes the alignment of interests between managers and shareholders, proposing that managers are inherently motivated to act in the best interests of the firm, rendering board size less critical in influencing agency costs (Davis, Schoorman, & Donaldson, 1997).

Board Independence and Agency Cost

The linkage between board independence and agency costs is fraught diverse theoretical arguments. On the one hand, proponents of a positive association argue that independent directors, free from internal managerial influences, can effectively monitor management actions, thereby reducing agency costs by mitigating opportunistic behaviors and aligning management decisions with shareholder interests. This perspective aligns with agency theory, which posits that independent oversight curtails managerial self-interest (Jensen & Meckling, 1976). On the other hand, some scholars contend that an increased presence of independent directors may lead to higher agency costs arguing that external directors might lack firm-specific knowledge, resulting in ineffective monitoring and decision-making, which could inadvertently increase costs due to misinformed strategies or delayed actions. This view is supported by stewardship theory, suggesting that managers, when trusted, act as stewards of the company, and excessive monitoring may hinder their performance (Davis, Schoorman, & Donaldson, 1997). A third perspective maintains a neutral stance, proposing that board independence has an inconsequential impact on agency costs. This viewpoint suggests that the effectiveness of independent directors is contingent upon other factors, such as the firm's governance environment and the specific expertise of the directors, rendering board independence alone neither beneficial nor detrimental in controlling agency costs. Empirical studies reflect these theoretical divergences; for instance, Rashid (2015) found that board independence reduces agency costs only under certain conditions, indicating that the relationship is context-dependent.

Board Gender Diversity and Agency Cost

For board gender diversity agency costs relationship, the positivist school argue that increased female representation on boards enhances monitoring and oversight functions, thereby reducing agency costs. Grounded in agency theory, this school of thought posits that diverse boards are more independent and effective in mitigating managerial opportunism (Hindasah & Harsono, 2021). Conversely, some scholars contend that heightened gender diversity may lead to increased agency costs due to potential conflicts and communication barriers arising from diverse perspectives, which could impede decision-making processes. Drawn from the social identity theory, the argument suggests that demographic differences within boards can result in subgroup formations and reduced cohesion, ultimately affecting board effectiveness (Turner & Haslam, 2001). A third perspective maintains a neutral position, proposing that gender diversity has an insignificant impact on agency costs, as the effectiveness of board functions is more closely tied to the individual competencies of directors rather than their gender composition. Supported by the human capital theory, this argument emphasizes the importance of directors' skills, experience, and knowledge over demographic characteristics (Becker, 1962).

Board Meeting Frequency and Agency Cost

Describing the relationship between board meeting frequency and agency costs has elicited diverse theoretical interpretations within the literature. The positive school of thought argue that increased board meetings frequency enhances oversight and monitoring, thereby reducing agency costs (Hahn & Lasfer, 2016; Ji, Talavera & Yin, 2020). This idea aligns with the agency theory, which posits that frequent interactions among board members facilitate effective supervision of management, timely decision-making, and swift resolution of issues, ultimately mitigating potential conflicts between managers and shareholders. Conversely, the negative school of thought contend that more frequent board meetings may lead to higher agency costs due to the substantial financial and time resources required suggesting that excessive meetings can result in diminishing returns, where the costs associated with organizing and attending meetings outweigh the benefits, potentially leading to managerial inefficiencies and increased operational expenses (Agarwal & Singh, 2020).

Additionally, a neutral stance exists (Rashid, 2015; Ibrahim & Abdul-Samad, 2011), proposing that the impact of board meeting frequency on agency costs is contingent upon contextual factors such as firm size, industry, and the specific issues addressed during meetings. This neutral perspective implies that there is no one-size-fits-all approach, and the effectiveness of board meeting frequency in controlling agency costs varies across different organizational settings.

Research Methods Sampling Technique

This study is a quantitative study that employed secondary data obtained from audited published annual reports. The data collection used documentation techniques. The population of this study comprises of all twenty (21) consumer goods firms listed on the Nigerian Exchange Group (NGX) as of December 31st, 2023. Purposive sampling technique is employed and it resulted in sixteen (16) firms over the 2014 to 2023 as sample size. Details of the sampling criteria is presented in table

1. The analysis technique employed in testing the hypotheses is robust regression analysis technique. Robust regression analysis is a powerful alternative to ordinary least squares regression, particularly effective in handling outliers and violations of key assumptions like normality and homoscedasticity (Huber & Ronchetti, 2009). It reduces the influence of extreme values or leverage points, ensuring more reliable and unbiased parameter estimates (Rousseeuw & Leroy, 2003). By assigning lower weights to anomalies, robust regression improves the stability and validity of models, making it ideal for real-world datasets with inherent imperfections. This technique ensures accurate parameter estimation, even when traditional methods fail, and enhances confidence in inference.

Table 1 Sampling Criteria

S/N	Explanation	Total
1	Number of firms in the consumer goods sector of the NGX during 2014-2023	21
2	Number of firms in the consumer goods sector that did not publish audited annual reports at some points during the 2014 - 2023 period	4
3	Number of firms that did not provide data related to the research variables	1
4	The number of firms in consumer goods sector that make up the sample size	16
5	Research period (2014-2023)	
6	Total Observations (16 Firms x 10Years)	160

Source: Authors' Compilation 2025

Model Specification

This study specified an econometric model employed to analyze the effect of board characteristics on agency cost of listed consumer goods firms in Nigeria. Particularly, the model of Salehi, Sadatifar & Adibian, (2021) was modified to suit the specific objectives of this study and expressed econometrically as:

$$AGCOST_{it} = \beta_0 + \beta_1 SIZEB_{it} + \beta_2 BIND_{it} + \beta_3 BGDIV_{it} + \beta_4 BMFRQ_{it} + \beta_5 FLEV_{it} + \epsilon \dots \dots \dots (1)$$

Where;

AGCOST - Agency Cost

SIZEB - Board Size

BIND - Board Independence

BGDIV - Board Gender Diversity

BMFRQ - Board Meeting Frequency

FLEV - Firm Financial Leverage

ϵ = error term

β = intercept

$\beta_1 - \beta_5$ = coefficient for the respective independent variables

Table 2 Operationalization of Variables

Variables	Measurement	Source
Agency Cost	Computed as Asset Turn Over Ratio	Total Asset)

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	(Total Revenue divided by	
Board Size	Computed as the total numbers of all directors of a company including the Chairman +Vice Chairma + CEO / Managing director + Executive Directors +Non-Executive Directors or Independent Directors excluding the company secretary	Bhutta and Ali-Shah (2015) Ruslim, (2023).
Board Gender Diversity	Computed as the ratio of female directors to total board size	Chen and Nor, (2024).
Board Independence	Computed in absolute values as total number of non-executive directors' present on the board	Utami and Danarsari, (2023).
Board Independence	Computed in absolute values as total number of non-executive directors' present on the board	Utami and Danarsari, (2023).
Board Diligence	Computed in absolute values as the total number of meetings held within one year	Barros and Sarmento, (2020).
Board Shareholding	Computed in percentage as the value of directors' direct and indirect shares divided by outstanding shares	Salihu, and Kawi, (2021).
Firm Financial Leverage	Computed in percentage as the ratio of Total Debt divided by Total Asset	Ilyukhin, (2015).

Source: Researcher's Compilation, (2025)

Results and Discussion of Findings

Descriptive Statistics

Each variable is examined based on its mean, standard deviation, maximum and minimum values over the study period using descriptive statistics with results presented in Table 2.

Table 2 Descriptive Statistics Result

VARIABLE	OBS	MEAN	STD. DEV.	MIN	MAX
AGCOST	160	1.025875	.6695388	.1	6.31
SIZEB	160	10.35	2.890453	4	18
BGDIV	160	15.86225	10.8618	0	50
BIND	160	70.9995	13.6456	38.46	93.33
BMFRQ	160	4.716981	1.217655	1	11 +
FLEV	160	59.81987	18.949	12.42	150.45

Source: Authors' Computation (2025)

The descriptive statistics analysis of consumer goods firms listed on the Nigerian Exchange Group, as presented in Table 2, offers valuable insights into corporate governance characteristics and financial structures within the sector. Agency cost, has an average value of 1.03 and a standard deviation of 0.67,

reflecting moderate efficiency in asset utilization, with values ranging from 0.1 to 6.31. This suggests variability in asset utilization, potentially influenced by differences in management practices and market conditions. Board size revealed an average person of 10.35 directors, a relatively high variability with a standard deviation of 2.89, and a range of 4 to 18 directors, indicating diverse board compositions that could impact governance and decision-making processes. Board gender diversity, with a mean value of 15.86% and a standard deviation of 10.86, revealing that women constitute about 16% of boards on average, though this varies significantly, reaching a maximum of 50%. This low mean aligns with Akinpelu et al. (2019), who noted slow progress in improving gender diversity on corporate boards in Nigeria. Further, Board independence, measuring the ratio of independent directors, averages 71%, indicating a strong presence of independent directors, consistent with Uwuigbe et al. (2018), who emphasized the Nigerian corporate governance code's focus on board independence.

The frequency of board meetings averages 4.72 meetings annually, with a standard deviation of 1.22 and a range of 1 to 11 meetings, suggesting that while five meetings per year are typical, some firms hold additional meetings as needed, reflecting governance flexibility. Lastly, financial leverage, averaging 59.82% with a standard deviation of 18.95, underscores the sector's reliance on debt financing, consistent with Adeoye and Elegbede (2019), who observed similar leverage patterns, likely due to the high cost of equity and the underdeveloped Nigerian capital market.

Test for Normality of Data

The assumption to make when testing for normality of data is that “sample distribution is normal”. Hence, the distribution is not normal if the test is statistically significant at 5% or less. Consequently, the test for normality of data is conducted as shown in the table 4.2.

Table 3 Normality of Data Analysis Result

Variable	Obs	W	V	z	Prob>z
AGCOST	160	0.66146	41.635	8.482	0.00000
SIZEB	160	0.98805	1.470	0.877	0.19030
BGDIV	160	0.95785	5.184	3.743	0.00009
BIND	160	0.96719	4.035	3.173	0.00075
BMFRQ	160	0.90681	11.399	5.534	0.00000
FLEV	160	0.92187	9.608	5.147	0.00000

Source: Authors' Computation (2025)

The Shapiro-Wilk normality test presented in table 3, was conducted to evaluate the normality of data distribution for variables of consumer goods firms. The results indicated varying degrees of deviation from normality across the variables, with significant implications for data analysis and interpretation. Agency cost displayed a z-value of 8.48 and a p-value of 0.00000, signifying a substantial departure from normality, likely due to variability in asset utilization efficiency among firms. Similarly, the variable for board gender diversity showed a z-value of 3.74 and a p-value of 0.00009, reflecting uneven representation of women on corporate boards, consistent with Smith and Parrotta (2018), who highlighted challenges in achieving gender balance on corporate boards. Board independence

also exhibited significant non-normality, with a z-value of 3.17 and a p-value of 0.00075, indicating varied compliance levels with corporate governance codes regarding independent directors.

Moreover, board meeting frequency deviated significantly from normality, with a z-value of 5.53 and a p-value of 0.00000, which may indicate differing governance needs and operational challenges. Financial leverage similarly demonstrated non-normality, with a z-value of 5.15 and a p-value of 0.00000, aligning with Olowokure et al. (2019), who attributed this to diverse financial strategies and the underdeveloped capital markets in Nigeria. Conversely, board size is the only variable approximating normality, with a z-value of 0.88 and a p-value of 0.19030, suggesting a standardized practice within the industry. Despite the observed non-normality, parametric statistical tests were applied based on the Central Limit Theorem (CLT), which posits that with a sufficiently large sample size (160 observations in this study) the sampling distribution of the mean approximates normality, thus supporting the validity of parametric tests (Field, 2013).

Table 4: Agency Cost Regression Result

Variables	Board Size	Board Independence	Board Gender Diversity	Board Meeting Frequency	Firm Leverage
Ordinary Least Square Model					
R² = 0.1246 F & Prob. F = 4.35, 0.0016,					
VIF [BGDIV, = 1.21, BMFRQ, = 1.16, SIZEB, = 1.02, BIND, = 1.01, FLEV, = 1.05]					
Coefficient	-0.023	0.014	-0.024	0.086	0.009
t_	(-0.81)	(2.31)	(-2.97)	(1.23)	(2.28)
Statistics	{0.418}	**{0.022}	**{0.003}	{0.222}	**{0.024}
Probability t					
Robust Regression Model					
R² = 0.162 F & Prob. F = 5.93, 0.0000					
Coefficient	0.003	0.003	0.003	0.048	-0.002
t_	(3.69)	(1.68)	(1.27)	(2.19)	(-1.44)
Statistics	***{0.000}	{0.096}	{0.208}	** {0.030}	{0.152}
Probability t	00}				

Note: t -statistics and respective probabilities are represented in () and { } Where: **, and *** represents 5% and 1% level of significance

Source: Authors' Computation (2025)

Table 4 presents pooled ordinary least square regression analysis results for the relationship between the independent variables (Board Size, Board Gender Diversity, Board Independence, and Board Meeting Frequency) and the dependent variable (Agency Cost). The model R-squared value of 0.125, indicates that approximately 12.5% of the systematic variation in agency cost is explained by the independent and control variables. Although modest, this explanatory power aligns with the study of Muslih & Marbun, (2020). The overall model is statistically significant, with an F-statistic value of 4.35 (5, 153) corresponding to a probability-value of 0.0010, well below the 5% significance threshold, suggesting that the independent and control variables jointly contribute to explaining the variation in agency cost. Variance Inflation Factor (VIF) results confirm the absence of

multicollinearity, as all VIF values are well below the threshold of 5.00. Specifically, the VIF for Board Gender Diversity is 1.21, Board Meeting Frequency is 1.16, Financial Leverage is 1.05, Board Size is 1.02, and Board Independence is 1.01. These low VIF values indicate minimal inflation of standard errors, ensuring reliable and unbiased coefficient estimates in the model (Shieh, 2011). However, the Breusch- Pagan test for heteroskedasticity, reveals the presence of heteroskedasticity, with a Chi-squared statistic of 129.22 corresponding to a p-value of 0.000. This indicates that the model's standard errors may be biased, potentially affecting the validity of hypothesis tests and confidence intervals (You, Zhou & Zhou, 2010). To address this issue, robust regression analysis technique was employed to mitigate the influence of outliers by down-weighting influential observations iteratively, ensuring robust and reliable results for hypothesis testing.

Discussion of Results

The result on the variable of board size indicates that as board's size increases, there is a corresponding rise in agency cost, suggesting inefficiency in asset utilization. This outcome aligns with agency theory, which postulates that larger boards, despite offering diverse skills, perspectives, and experiences, may face increased coordination problems, slower decision-making processes, and diluted responsibility among directors. These challenges make consensus-building and management oversight more difficult, thereby exacerbating operational inefficiencies and resource misallocation. In the Nigerian context, particularly within the consumer goods firms, governance challenges, regulatory inefficiencies, cultural dynamics, and economic instability further amplify these challenges, as larger boards struggle to effectively navigate these complexities. Supporting this, Ntim, Opong & Danbolt (2015) demonstrated that smaller boards are associated with higher valuation due to more efficient monitoring and decision-making. The robust regression analysis reinforces this perspective, emphasizing the potential drawbacks of larger boards, which inadvertently contribute to higher agency costs in the Nigerian consumer goods sector.

Similarly, the theoretical perspective on board meetings underscores the importance for oversight, strategic decisions, and managerial interventions. The positive effect of meeting frequency on agency costs suggests underlying inefficiencies. Frequent board meetings may signal unresolved conflicts, managerial challenges, or inefficient decision-making processes, leading to increased agency costs. This outcome is consistent with agency theory, which posits that higher board intervention is often necessary in the presence of significant information asymmetry or when management requires close monitoring (Jensen & Meckling, 1976). In the Nigerian consumer goods firms, where market volatility, regulatory pressures, and competition prevail (Olamade, Oyebisi, & Egbetokun, 2013), frequent board meetings may reflect attempts to address these challenges. However, as Ji, Talavera & Yin (2020) noted, while frequent meetings might appear to enhance governance, they often reveal underlying managerial inefficiencies that escalate agency costs. Brick and Chidambaran (2010) similarly observed that excessive board activity could signify governance weaknesses, leading to higher costs without commensurate performance improvements. In this context, the necessity for frequent meetings may stem from a volatile operating environment,

yet if these meetings fail to improve decision-making or management practices, they can inadvertently increase governance expenses and disrupt operations, thereby heightening agency costs.

Conclusion and Recommendation

This study, which examines the impact of corporate governance characteristics on agency costs among listed consumer goods firms in Nigeria, concludes that governance practices significantly shape firm efficiency. While the results highlight that larger board sizes are associated with higher agency costs due to inefficiencies in asset utilization and decision-making, the study emphasizes the need for a balanced board size to integrate diversity and expertise without compromising oversight. Interestingly, this study found board gender diversity to have a statistically insignificant effect on agency costs, suggesting that a holistic approach to governance is more critical than an isolated focus on gender diversity. Similarly, board independence, while essential, must be complemented with broader governance strategies to enhance firm resilience and value creation. The positive effect of board meeting frequency on agency costs reflects the need for more strategic and purposeful board governance, as frequent meetings, if poorly structured, can increase administrative burdens without yielding improvements in firm performance. Therefore, this study recommends that consumer goods firms prioritize optimizing board size, meeting frequency, and governance structures to improve management practices and resource utilization. Future research should explore the contextual factors influencing these governance mechanisms, examine sectoral differences, and adopt longitudinal designs to uncover how governance practices evolve over time in developing economies like Nigeria.

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**THE MEDIATING ROLE OF ORGANIZATIONAL STRUCTURE ON EMPLOYEE VOICE
AND ORGANISATIONAL COMMITMENT IN DEPOSIT MONEY BANKS IN NIGERIA**

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Abstract

This study examined the mediating influence of organisational structure on the relationship between employee voice and workers commitment in deposit money banks in South-South region of Nigeria. Cross sectional survey research design was used in the study. Applying Krejcie & Morgan Sample Size determination table, three hundred and fifteen subjects were used as respondents from a population of five thousand employees in deposit money banks in the South-South zone of Nigeria. Data was obtained with the five-point summated Likert Questionnaire. The results obtained from multiple regression analysis showed that organisational structure does not mediate the relationship between employee voice and workers commitment. However, organisational structure had a positive influence on employee voice and workers commitment independently. The study recommends that organisations with a bureaucratic structure of formalization, standardization, and specialization gives structure and stability to employees and enhances positive outcomes such as a willingness to participate in decision making, go the extra mile for the organisation, employees morally obliged to remain with the organisation and stay with the organisation because of the cost associated with leaving.

Key words: organisational structure, employee voice, employee commitment

Introduction

Organizational commitment is an individual's psychological state that influences workers' decision of staying or leaving the organisation (Meyer & Allen, 1991). Committed employees are more willing to go the extra mile for organisations to achieve their objectives. The importance of employee commitment to the success of an organisation have been highlighted by several researchers (Ahiauzu & Asawo 2009; 2008; Farndale et al 2011; Gbadamosi 2003; Oladejo et al 2011; Zabid et al 2003). This has led to a proliferation of strategies on how get and maintain workers commitment (Akhigbe & Onomeghie, 2021; Nurudeen et al, 2022; Zeb-Obipi & Ikoromasoma, 2021).

Several studies (Machokoto & Dzvimbo, 2022; Machokoto, 2019; Okpu, 2016; Prasadika & Nishanthi, 2018; Tantua & Vopnu, 2019) have found positive relationship between employee voice and workers commitment. Employee voice contributes to higher levels of commitment across all three types of commitment (affective, normative and continuance) by fostering a sense of inclusion, fairness, and respect. However, the specific effects depend on how the organization responds to employee input and how employees perceive their relationship with the organization.

The positive influence of employee voice and workers commitment established by previous studies, did not examine if the Organisational structure of the studied firms mediated this relationship. There is paucity of studies that examined the mediating influence of organizational structure on the relationship between employee voice and workers commitment. This study aims to fill this gap by establishing if the structure of the organization is responsible for the relationship that exists between employee voice and workers commitment.

The banking industry is in dire need of committed staff as it is beset with internal and external turbulences that threatens its survival. Challenges bedeviling the Nigerian banking industry according to scholars (Gololo, 2018; Soludo, 2004) include capital flight to foreign banks, slow response to technological changes, high incidences of fraud, high operating costs, unprofitable operations, employee turnover, low ethical standards, and over reliance on government deposits among others.

These problems, among others necessitated examining the influence of employee voice on workers commitment with a view of ascertaining the mediating effect of organizational structure on this relationship. There is paucity of research that examined the mediating effect of organizational structure on employee voice and workers commitment.

Review of Literature

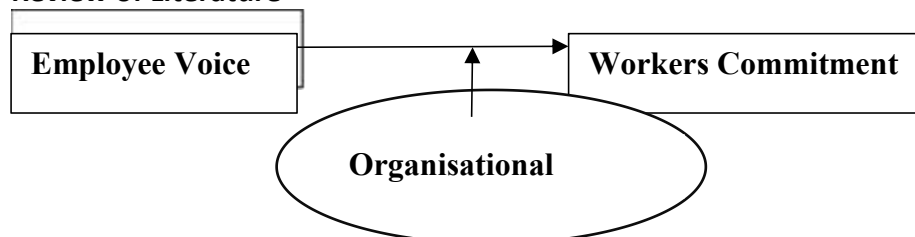


Figure 1: Mediating influence of organisational structure on employee voice and workers commitment

Employee Voice